

AMERICAN TOPICS

Prelate's Navy Career Appears to Be Over

John J. O'Connor, New York's new archbishop, rose to the rank of rear admiral in a long career as a chaplain in the U.S. Navy. But with his appointment, the Vatican has broken a 65-year tradition of giving the head of the New York archdiocese the additional job of spiritual leader to Catholics in the U.S. armed forces.

Archbishop O'Connor, who has headed the diocese of Scranton, Pennsylvania, for the past seven months, will serve as the acting military vicar until Pope John Paul II fills the job permanently.

The Vatican gave no reason for the change, but New York church officials said the two jobs were simply too much for one man. With 1.8 million Catholics, New York is the country's third largest archdiocese. The military vicariate is even larger: military personnel, their families, patients in Veterans Administration hospitals and embassy workers abroad include about two million Catholics.

It's Never Too Early To Begin Wondering

It is never too early in Washington to speculate on who might be appointed to what top-level jobs. The latest musing is about who might get top jobs in the State Department if Walter F. Mondale is elected president.

The speculation is based on the group, mostly officials from the Carter-Mondale administration, who briefed the former vice president last Monday for a foreign policy debate.

Among those at the Washington briefing session were Sol M. Linowitz, who was Jimmy Carter's special envoy to the Middle East; Richard C. Holbrook, former assistant secretary of state for East Asian and Pacific affairs; Walter B. Slocombe, former deputy undersecretary of state; and Madeline Albright, a former National Security Council official.

New York Church Vs. Preservationists

The leaders of a landmark Manhattan church are battling preservationists over a plan to build a 59-story office building on the site of its adjacent con-

munity house. Officials of St. Bartholomew's Episcopal Church say that the 66-year-old church needs the money it will make from the office tower to carry out its religious mission and save off bankruptcy.

But preservationists say that the cantilevered tower would dwarf the Park Avenue church and destroy it aesthetically. The church and its community house were declared city landmarks in 1967 as "handsome modern versions of Romanesque and Byzantine architecture."

The dispute, now pending before the city's Landmarks Preservation Committee, has sharply divided the congregation, which agreed to the office-tower plan three years ago on a 375-354 vote. But since the building is a landmark, the church cannot proceed to demolish most of the community house unless the city rescinds or alters its landmark designation.

Church officials are arguing that the landmark is unconstitutional because it inhibits the free exercise of religion and effectively deprives the church of its property, which they value at \$160 million to \$200 million, without compensation. "Without this revenue, the church itself will be threatened," declared New York's Episcopal bishop, Paul Moore Jr. "We are weighing aesthetics against the housing, feeding and caring of the poor, elderly and homeless."

Fatalities Decline On U.S. Highways

Preliminary statistics from the National Highway Traffic Safety Administration indicate that 43,028 people were killed in traffic accidents last year, down 2.1 percent from the 1982 total of 43,947 and continuing a downward trend that began in 1981. The number of fatalities was the lowest in 20 years.

The number of deaths per 100,000 vehicle miles traveled was 2.6, the lowest fatality rate ever recorded and down significantly from the rate of 2.8 in 1980 and 3.3 in 1980, the Transportation Department said on Saturday.

The highest number of U.S. traffic deaths recorded in a year was 54,589 in 1972.

Transportation Secretary Elizabeth H. Dole said she could not point to specific reasons for the 1983 decline, but said it was clear a role was played by growing public sup-

port for actions aimed at getting drunken drivers off the road.

Drunken driving is "our No. 1 highway traffic menace that is responsible for at least half of all traffic fatalities," Mrs. Dole said.

68 Get Life Posts In Diplomatic Group

Sixty-eight former U.S. diplomats have been elected to life memberships in the Academy of Diplomacy, founded last month to raise the level of American statesmanship.

Membership will be limited to 75 former diplomats who have held at least two senior diplomatic positions. Among the members are the nation's six former secretaries of state: Dean Rusk, William P. Rogers, Henry A. Kissinger, Cyrus Vance, Edmund S. Muskie and Alexander M. Haig Jr.

Ultimately, the academy may



Dean Rusk

testify before the Senate on the qualifications of ambassadorial nominees, just as the American Bar Association testifies on judicial nominees, said Sol M. Linowitz, a former ambassador to the Organization of American States and one of the organizers of the institution.

"We believe that those of us who have had substantial experience as diplomats can make a contribution by looking at the future requirements of our diplomacy, at the kind of persons who should assume the responsibility for those requirements and at the process by which they are chosen," said Ellsworth Bunker, a former ambassador to India, Argentina, Italy and Vietnam.



Daniel Ortega Saavedra, a leader of the Nicaraguan government, warned in Caracas that rebel attacks inside his country could lead to fighting between Nicaragua and Honduras.

Nicaragua Delays Election Legislation After 2 Air Attacks by Rebel Groups

By Hedrick Smith

New York Times Service

CHINANDEGA, Nicaragua — The government has temporarily postponed a major step in the process leading to promised presidential elections next year because of air attacks near here Thursday and Friday. Nicaragua said the raids, by anti-government insurgents, had been ordered by the United States.

A communiqué issued in Managua Saturday by the president of the Council of State, Carlos Núñez Téllez, said that consideration of a draft of electoral legislation had been "temporarily suspended" until the facts surrounding the air raids had been "clarified." The measure was to have been considered by the legislature on Tuesday.

The communiqué added that the postponement would last until "Nicaraguans are allowed to perform their political tasks in a climate of peace and tranquility."

During the last week, Nicaraguan leaders have disclosed several provisions of their electoral plan but have cautioned that the one factor that could derail the entire process would be continued attacks by two main rebel groups.

These are the Nicaraguan Democratic Force, which operates along Nicaragua's northern frontier with Honduras, and the Democratic Revolutionary Alliance, which is based in Costa Rica, on Nicaragua's southern border. The Honduran-based group, which is backed

by the United States, has claimed responsibility for the latest air attacks.

Nicaragua's arrangements for the promised elections have been a key issue in a series of talks on ending Central America's political, social and military problems. The Reagan administration has also said internal political changes in Nicaragua are a major condition for a halt to its assistance to Nicaraguan insurgents.

The communiqué issued Saturday by the council, which is dominated by the Sandinist Front, was endorsed by three smaller parties that are minority partners in the government.

The government officially started the electoral process on Wednesday. The proposed electoral law was to be considered by opposition parties for the first 15 days of the month. The date of the 1985 elections was to have been announced Feb. 21.

Mr. Núñez announced the government's proposed election law Jan. 14. It contained proposals for secret and direct elections of a president, vice president and a 90-member Constituent Assembly, which would write a constitution. The Sandinists have ruled by decree since they ousted the government of General Anastasio Somoza in June 1979.

Nicaragua said Friday that A-37 attack bombers and Cessna propeller aircraft, "which were given by the CIA to the counterrevolution-

aries," had carried out two attacks in the northwestern province of Chinandega on Thursday and Friday. It said four soldiers died in the attacks and 10 were wounded. It added that oil storage tanks had been destroyed along with a communications center.

Nicaragua complained to the United Nations Security Council, which convened in an urgent session Friday evening, that the air attacks appeared to be part of an effort by the CIA to provoke a border war between Honduras and Nicaragua in order "to justify American intervention." The United States and Honduras both rejected the accusation, and the Security Council adjourned after an hour without taking any action.

The Nicaraguan Democratic Force asserted that one of the attacks had destroyed a transmitting antenna for Radio Venceremos, a clandestine radio station of the Salvadoran guerrilla movement. Nicaragua replied that the transmitter was operated by the Ministry of Agrarian Reform.

4 U.S. Soldiers Die When Copter Crashes in Honduras

Washington Post Service

TEGUCIGALPA, Honduras — Four U.S. Army personnel died and six were injured when their helicopter crashed in bad weather in south-central Honduras, the U.S. Embassy reported.

Three of the injured were in crit-

White House Directs Feldstein to Call Off TV Budget Interview

Washington Post Service

WASHINGTON — The White House directed Martin S. Feldstein, chairman of the president's Council of Economic Advisors, to cancel a television appearance Sunday in which he was to discuss the proposed 1985 federal budget, senior administration officials said.

An official said White House aides were "fed up" with the public airing of differences over whether the budget represents tax and spending policies adequate to meet the administration's economic goals.

James A. Baker 3d, the White House chief of staff, first called Mr. Feldstein about noon Friday to ask him to cancel the television appearance, a senior administration official said, and when Mr. Baker learned late that afternoon that Mr. Feldstein had not done so, he called to repeat his request.

Mr. Feldstein, through an assistant, canceled on Saturday morning, 24 hours before his scheduled appearance on the ABC program "This Week With David Brinkley" and after the network had publicized the interview. ABC said "personal reasons" were cited for the withdrawal.

Mr. Feldstein did not go to his office later in the day as he reportedly had planned, prompting rumors that he might resign. But the senior official said Saturday night, "As far as we know, he has not indicated that he will resign."

Mr. Feldstein was not available for comment.

"We didn't want him to go on because of the differences with the president he has expressed publicly," the official said.

Mr. Feldstein and David A. Stockman, director of the Office of Budget and Management, late last week stressed repeatedly, during briefings on the budget and the council's annual report and at congressional hearings, that more tax revenues and more spending cuts than are called for in the budget would be needed to reduce budget deficits, which the administration expects to will remain at about \$180 billion for three years.

White House aides were angered

by Mr. Feldstein's statements that tax increases and reductions in planned defense spending would have to be part of any new deficit-reduction package, officials said.

On Friday, feuding among President Ronald Reagan's economic advisers became open when Treasury Secretary Donald T. Regan, speaking before the Senate Budget Committee, disavowed the council's annual economic report and declared that Congress could "throw it away."

In an apparent attempt to restore order, Larry M. Speakes, deputy White House secretary, made clear later in the day that Mr. Reagan wanted an end to the bickering, that the president intended to call his own economic shots and that he planned to stick by his budget proposals.

After Mr. Feldstein's remarks Thursday about a need for higher taxes and less spending, Mr. Regan expressed his irritation in the White House, and the president was reportedly annoyed at the public squabbling among his economic aides.

At a White House briefing last week, Mr. Feldstein said, "The budget is not what we want to see happen in 1985."

"We expect there to be a trimming down in the proposed defense outlays in this budget," he said. "We expect there to be more tax revenue than in this budget, and we expect to get domestic spending cuts."

"We can't count on growing our way out of these deficits," he continued. "And if we don't deal with them, we can't have the kind of economic recovery that we want."

When it was pointed out that such emphasis contrasted sharply with the language Mr. Reagan is using in speeches to describe his economic policy, Mr. Feldstein replied that the president had said he wants first to bring down the cost of government as much as possible, "and if that doesn't balance the budget then he will look at the receipt side."

Mr. Feldstein is scheduled to testify before four congressional committees this week.

"There's so much space in this improved KLM Business Class."

"Yes, that's new."

"And these seats are so much wider."

"That's new, too."

"And most of them are two-abreast."

"That's new as well."

"And there's so much space for your legs."

"That's not new."

All KLM 747 and DC-10 intercontinental flights are offering a completely renewed 'Business Class.' Just look at the many improvements and advantages:

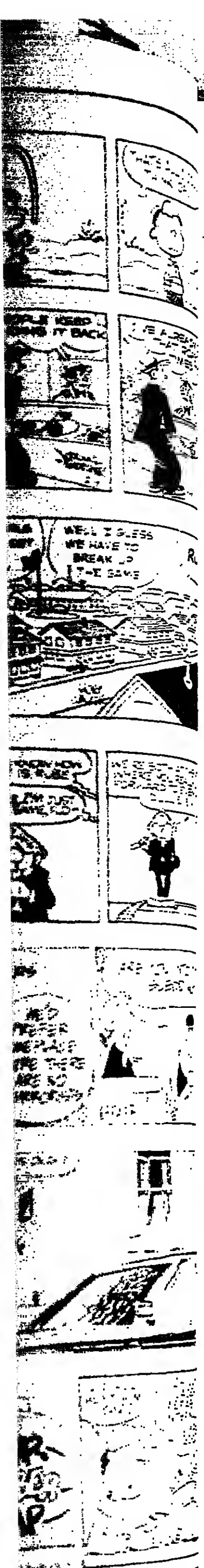
all Business Class seats are 4½ inches wider, giving you more room than ever before. There are 38 comfortable inches of space for your legs. Most seats are

two-abreast. Comfortably padded electronic headphones with full stereo sound, free-of-charge. A 30 kilo baggage allowance, 10 kilos more than before.

And naturally, all drinks, including champagne, are free. Why not experience the difference for yourself? Test us, try us, fly us. Call your travel agent or KLM for full details.

KLM's new intercontinental Business Class. All that space makes all the difference.

The Reliable Airline KLM Royal Dutch Airlines



Herald Tribune

The Herald Tribune
Published With The New York Times and The Washington Post

Opening for Talks Is Seen in Moscow

Congressman Says Missile Plan
Rejected in '82 Can Be Considered

By Donald Thayer
Washington Post Staff Writer
Moscow, U.S.S.R. (UPI) — A U.S. congressman has said that the United States is now in a position to consider a missile plan rejected in 1982, but only if the Soviet Union agrees to a similar plan.

Rep. William E. Brock, D-Mich., said in a speech to the House of Representatives that the United States is now in a position to consider a missile plan rejected in 1982, but only if the Soviet Union agrees to a similar plan.

Brock said that the United States is now in a position to consider a missile plan rejected in 1982, but only if the Soviet Union agrees to a similar plan.



Sen. George J. Mitchell, left, with Soviet Foreign Minister Andrei Kozyrev, right, after meeting in Moscow.

Summit Leaders Vow to Push For an Economic Recovery

Leaders Pledge Set After Long Debate

By David S. Gergen
Washington Post Staff Writer
Washington, D.C. (UPI) — Leaders of the summit meeting between U.S. President Ronald Reagan and Soviet Premier Mikhail Gorbachev have vowed to push for an economic recovery.

The leaders, who met in a closed-door session after a long debate, agreed to a set of guidelines for the summit.

U.S. Says 7 In 'Broad' Agreement

By David S. Gergen
Washington Post Staff Writer
Washington, D.C. (UPI) — The United States has said that it has reached a "broad" agreement with the Soviet Union on seven key issues.

The issues include arms control, economic cooperation, and human rights.

Western Leaders Doubt U.S. Recovery's Power

By David S. Gergen
Washington Post Staff Writer
Washington, D.C. (UPI) — Western leaders have expressed doubt about the power of the U.S. economy to recover from its current state.

The leaders, who met in a closed-door session, agreed to a set of guidelines for the summit.

2 FOR 1

If you purchased this Trib at a newsstand, you're already enjoying a rare bargain — the whole world in just a few tightly-written, fact-packed pages.

But why not double your bargain by subscribing to the International Herald Tribune and saving up to 42% off the newsstand price? With our low-cost subscription rates, you can double your value and enjoy almost twice as many Tribs, and each for a price which is no more than you have to pay for a cup of coffee.

Think of it. The combined editorial product of hundreds of the world's finest journalists in every corner of the planet — available to you for such a relatively modest expenditure.

Subscribe now, and we'll speed bargain-price Tribs to your home or office day after day.

Just fill out the coupon below and mail. For maximum savings, subscribe for a full year. This cut-price subscription offer is for new subscribers only.

To: Subscription Manager, International Herald Tribune, 181 avenue Charles de Gaulle, 92521 Neuilly Cedex, France. Tel.: 747.12.65. Tlx: 612832.

Yes, I would like to accept your bargain offer. Please send me the International Herald Tribune for the time period and at the reduced price circled on this coupon.

Please circle below the time period and reduced subscription price selected.
(Rates valid through April 30, 1984).

Country	Currency	1 year	8 mos.	3 mos.
Austria	A. Sch.	3,050	1,525	840
Belgium	B. Fr.	6,600	3,300	1,815
Denmark	D. Kr.	1,400	700	400
Finland	F. M.	1,080	540	300
France	F. F.	900	450	250
Germany	D. M.	400	200	110
Great Britain	£	72	36	20
Greece	Dr.	10,800	5,400	2,950
Ireland	£. Ir.	90	45	25
Italy	Lire	195,000	97,500	53,700
Luxembourg	L. Fr.	8,800	3,300	1,815
Netherlands	Fl.	450	225	124
Norway	N. Kr.	1,160	580	320
Portugal	Esc.	10,000	5,000	2,750
Spain	Ptas	16,260	8,130	4,480
Sweden	S. Kr.	1,160	580	320
Switzerland	S. Fr.	358	178	98
The rest of Europe, North Africa, former French Africa, U.S.A., French Polynesia, Middle East:	\$	280	140	77
Rest of Africa, Canada, Latin America, Gulf States, Asia:	\$	390	195	107



☐ My payment is enclosed (Check or money order to the IHT).

Please charge my:

☐ Access ☐ Eurocard
☐ American Express ☐ Mastercard
☐ Diners Club ☐ Visa

Card account number: _____

Card expiry date _____ Signature _____

My name _____

Address _____

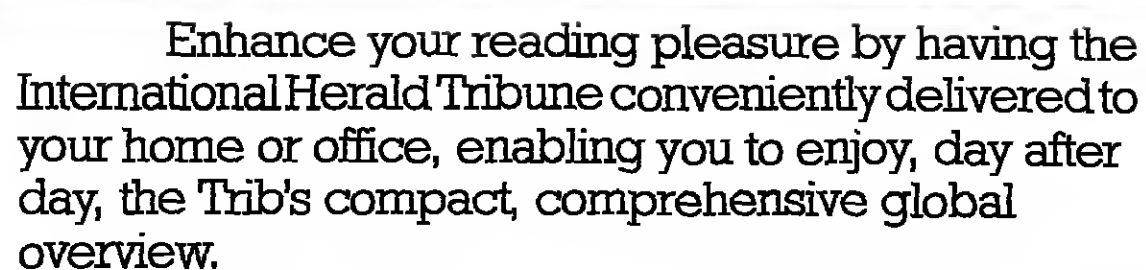
City _____ Country _____ Tel. N° _____

Job/Profession _____ Nationality _____

Company Activity _____



And at a bargain price!



Olympic Ho

REVO, Yugoslavia — Finland State and a Canadian named Frank in a dispute about hockey eligibility. They had to have other players in the XIV game State.

On Thursday, the United States and Canada were the only two sides to play over 100 minutes. The Canadian players are professional players, but under the rules they threatened to be suspended if they are used.

Thursday, Finland was the only side to play. With the chairman of the International Committee's Eligibility Committee, and he would have an IOC eligibility meeting of Hannu Kapanen, a young goalie for Finland, who played in one game for the Finnish Oilers of the old All Hockey Association in the 1979 season.

"I did not follow the rules," he said. "He played in a professional league."

Times related. They said that question the eligibility of players from six countries, and the players are from Italy, Japan, Austria and one each from the United States, Canada, and West Germany.

or Nicklaus, the

[illegible][illegible][illegible]

Soviet Defense Minister Delays Visit to India; No Explanation Is Given

By Robert Gillette
Los Angeles Times Service

MOSCOW — The Soviet Union has called off a visit to India this week by Defense Minister Dmitri F. Ustinov, stirring fresh concern about the health of the ailing Soviet leader, Yuri V. Andropov.

The government news agency Tass said Saturday that Marshal Ustinov's trip had been postponed "for some time" but gave no explanation. New Delhi quoted senior Indian government officials as saying it had been postponed for "domestic reasons."

Scheduled to begin Monday, Marshal Ustinov's visit had been expected to strengthen the close military and economic ties between the Soviet Union and India. Marshal Ustinov, 75, is a member of the Soviet Politburo's inner core and played a central role in choosing Mr. Andropov as Leonid I. Brezhnev's successor. Some analysts believe that Marshal Ustinov has been filling in for Mr. Andropov since the Soviet leader was last seen in public 5½ months ago.

Western diplomats said it was plausible that cancellation of the trip was related to Mr. Andropov's health but suggested the marshal himself could have fallen ill.

An Asian flu epidemic is currently sweeping several Soviet cities, including Moscow. A leading virologist indicated last month in a radio interview that influenza had reached epidemic scale, and a Health Ministry official confirmed it in a recent newspaper report.

Whatever the reason, it clearly arose at the end of last week, as the formal announcement of Marshal Ustinov's journey to India was made only last Wednesday. Indian officials said that no new date for the visit has been set.

Meanwhile, the state of Mr. Andropov's health is still open to speculation. Soviet officials no longer contend that he has a cold, and some now predict his imminent re-appearance.

Western diplomats, however, note that there are no state visits or domestic political events that would ordinarily require a Soviet leader's presence before March 4, when he would be expected to speak before the national election of deputies to the Supreme Soviet, or parliament.

Indian officials had prepared to treat Marshal Ustinov on a level approaching that of a head of state. It was believed that he planned to stand in for Mr. Andropov, whom Prime Minister Indira Gandhi invited to India in November 1982, when she attended Mr. Brezhnev's funeral in Moscow.

The Soviet Union enjoys closer

relations with India than with any other major country outside the Soviet bloc. Moscow sells substantial amounts of oil and oil products to India and provides about 70 percent of its military hardware, in return for consumer goods and machinery. The Indian government is seeking more sophisticated weapons to keep pace with its American-supplied neighbor Pakistan, and it is thought that one of Marshal Ustinov's aims would have been to dissuade Mrs. Gandhi from shopping elsewhere.

His visit would have followed that of a Soviet delegation headed



Dmitri F. Ustinov

by Deputy Prime Minister Vladimir E. Dymshits, which marked 25 years of Indian-Soviet relations in ceremonies Saturday.

Soviet Acts to Improve Its Service Industries

By John F. Burns
New York Times Service

MOSCOW — The Soviet leadership has approved a series of experimental measures designed to improve the performance of service industries such as restaurants, repair shops and hotels.

The service industry represents an aspect of the state-controlled economy that some Soviet writers have described as the most inadequate in the Soviet society.

A communiqué issued Friday after a regular meeting of the Politburo said service establishments in eight regions would be given greater freedom to improve the quality and efficiency of their work.

The establishments will be allowed to invest a share of their profits in the business and to hire students, pensioners and housewives on a part-time basis.

In the face of the generally woe-filled performance of many state-run establishments, Soviet citizens in recent years have turned increasingly to entrepreneurs who offer everything from car repairs to hair-styling and even basic medical services on a free-enterprise basis.

There was no suggestion in the communiqué that legal penalties for such small businesses would be eased.

In the wording of the communiqué, the Politburo's aim in approving the measures was to "enhance the interestness" of service establishments in fulfilling the demands of customers.

The announcement Friday said that the new experiment would "broaden the economic independence" of service establishments.

Among specific measures cited was a reduction in the "approved planning figures" set by administrative bodies, a phrase indicating

that managers will be released from some of the detailed directives that have limited managerial initiative.

On the subject of profit, the communiqué said that "with the exception of sums deducted on the basis of stable quotas for the national budget," enterprises would be free to allocate surpluses "in their totality" between production and employee benefits.

It said that the enterprises would be encouraged to shift to the "team form of work" currently being introduced in wide areas of industry and agriculture, under which groups of workers can increase their take-home pay by completing assigned tasks more efficiently.

Soviet Psychiatrist Tortured in Jail, Message Alleges

New York Times Service

NEW YORK — A message said to have been written by a jailed Soviet psychiatrist, Dr. Anatoli Koryagin, and smuggled out of the Soviet Union says he was subjected to mental and physical torture.

The message was made public Friday by the American Psychiatric Association in New York.

In 1981 Dr. Koryagin was sentenced to 12 years in prison and sent to a labor camp near Perm after charging that dissidents were being interned in mental hospitals.

His new message said in part: "They threw me in the punishment cell; there they tortured me brutally." He said he fasted in protest for more than six months and was force-fed until he ended his hunger strike in July "at the insistence of friends."

Mr. Koryagin's distaste for reading extends to staff papers and memorandums, according to aides. He governs by the telephone and face-to-face encounters, not written instructions.

A joke making the rounds in Bonn alludes to "the Bermuda triangle" in the chancellor's office complex: a mysterious place where

For Kohl, the Guffaws Over Scandal Reflect His Larger Difficulties

By James M. Markham
New York Times Service

BONN — Sometimes it is a small thing that hints at a politician's larger difficulties. In the case of Helmut Kohl, it happened the other day when several hundred journalists erupted in

NEWS ANALYSIS

derisive guffaws as the chancellor solemnly read a statement that was meant to lay to rest the most embarrassing scandal of his 16 months in office.

Afterward, Bonn journalists searched in their memories for a similar incident in the 35-year history of the Federal Republic of Germany. They concurred that never had a chancellor been so disrespectfully treated by a group of journalists.

That night the peals of laughter, which broke out at a moment when the chancellor was speaking of a soldier's honor, were wafted across the nation on television.

Mr. Kohl decided last week to retain his defense minister, Manfred Wörner, even though many influential members of the governing Christian Democratic Party had decided that the 50-year-old former fighter pilot should leave the cabinet.

Mr. Wörner had bungled the case of General Günter Kiesling, a four-star general who was dismissed on the basis of ill-documented assertions that he was homosexual and therefore a security risk.

Even the conservative Springer press, a strong Kohl supporter, had turned against Mr. Wörner, repelling that he had personally received a Swiss honor medal gaily with a criminal record in an effort to prove the case against the officer.

With the important exception of the Frankfurter Allgemeine Zeitung, the generally conservative West German daily press criticized Mr. Kohl in its editorial columns for keeping Mr. Wörner.

But Mr. Kohl is renowned for not reading newspapers or magazines; in conversation, he takes a certain pride in this private boycott and insists that several left-of-center magazines are out of tune with the feelings of "the normal German."

Mr. Kohl's distaste for reading extends to staff papers and memorandums, according to aides. He governs by the telephone and face-to-face encounters, not written instructions.

A joke making the rounds in Bonn alludes to "the Bermuda triangle" in the chancellor's office complex: a mysterious place where

decisions simply disappear, never to be executed.

A Bonn official who knows the chancellor well found his resolution of the Kiesling issue characteristic.

"He's very snobbish," the acquaintance said, "and when people about and say that he must do one thing, he digs in and does something else, what he wants to do."

One of the people pressing hardest in a direction the chancellor did not want to go was Franz Josef Strauss, the leader of the Christian Democrats' Bavarian sister party.

Mr. Strauss has been conducting a kind of guerrilla war against Mr. Kohl's authority for 16 months, and few doubt that the Bavarian's long-term goal is to undermine the chancellor and replace him with someone like Finance Minister Gerhard Stoltenberg.

This makes Mr. Strauss, a nominal party ally, Mr. Kohl's deadliest political foe. So the chancellor resisted the Bavarian's suggestion of a major cabinet shuffle, sensing in it a wedge that would enable his foe to demand a place in the arm.

The decision to keep Mr. Wörner and rehabilitate General Kiesling has left a perceptible malaise in the governing coalition.

Two senior ministers are now under a cloud: Mr. Wörner, whose relationship to the military has been strained by the Kiesling scandal, and Economics Minister Otto Lambsdorff, who has been accused by the Bonn prosecutor of taking bribes from the Flick holding company.

Mr. Kohl has now begun to develop an argument that American presidents have used at times. The press, Mr. Kohl says, has blown the Kiesling issue out of proportion, while the country is interested in other things, above all the state of the economy.

There is perhaps no way of testing Mr. Kohl's statement. But it is a kind of answer to the outburst of laughter that greeted him last week.



Agapito Aquino after a ceremony Sunday at the spot where his brother, Benigno, was killed.

10-Day March From Aquino's Home Ends Peacefully at Manila Airport

By William Branigan
Washington Post Service

MANILA — Thousands of supporters of Benigno S. Aquino Jr., the assassinated opposition leader, marched to a prayer vigil Sunday in a demonstration that organizers hoped would revitalize the anti-government protest movement.

About 5,000 protesters, led by Mr. Aquino's younger brother, Agapito Aquino, marched through the capital to the Manila International Airport, where Mr. Aquino was shot Aug. 21 as he returned from three years of self-exile in the United States. Thousands of observers cheered the marchers.

After negotiating four hours with police, who stopped them a few miles from the airport, about 1,000 protesters were allowed into the airport parking area. Twenty-one were permitted to cross barricades, which were manned by helmeted riot police with shields and

clubs, to hold a prayer vigil near the spot where Mr. Aquino died.

The compromise averted a confrontation, and the protesters dispersed peacefully afterward.

"This is a renewal of the thrust of the movement," said Noel Tolentino, a businessman and one of the leaders of the march. "This has been a shot in the arm."

The protesters were going to the airport from Mr. Aquino's birthplace in Tarlac province, 85 miles (about 135 kilometers) to the north, in a demonstration called the "Tarlac to the tarmac" march. Their number swelled at one point between 15,000 and 20,000.

According to march organizers, what started as a protest Jan. 27 to coincide with a national plebiscite on constitutional changes escalated into a demonstration for major revisions to limit the powers of President Ferdinand E. Marcos.

Agapito Aquino listed among the changes sought: repeal of the

president's lawmaking power and his "repressive" presidential decrees; legislation requiring parliamentary concurrence for invoking martial law; establishment of a commission to screen all major government appointments; release of political prisoners; and an end to human rights violations.

Unless Mr. Marcos accedes to these reforms, Mr. Aquino predicted, there will be a "massive boycott" of parliamentary elections scheduled for May. He said the opposition was giving Mr. Marcos until Feb. 14—90 days before the elections—to agree to the demands.

After Mr. Aquino and 20 others were allowed onto the runway, they formed a circle around the spot where his brother fell and observed one minute of silence. Police prevented them from lighting a torch during airport regulations.

Mr. Aquino then read a "pledge" to his slain brother to "carry on the fight for freedom and democracy."

British Opposition Leader Assails Official's Remark on Eve of U.S. Visit

By R.W. Apple Jr.
New York Times Service

LONDON — The leader of Britain's opposition Labor Party, who is to begin a weeklong visit to the United States on Wednesday, says he finds it impossible to understand "the petulant attitude" behind a senior American official's criticism of European views on international security questions.

The Labor leader, Neil Kinnock, said in an interview Friday that he rejects the suggestion last week by Undersecretary of State Lawrence S. Eagleburger that Europeans "have become so consumed with their own problems that it has tended to make it ever more difficult to get Western Europe to look outside its borders."

Mr. Kinnock said: "I wouldn't be surprised if an American taxi driver in a small town 1,000 miles from any airport had such an idea, but I find it absolutely amazing to hear misconceptions of that kind from a respected, experienced diplomat."

"What people like him must understand is that European complaints and dissents are nudges in the ribs from friends and not stab in the back from enemies," he said.

Mr. Kinnock, 41, welcomed signs of independence from Prime Minister Margaret Thatcher on such issues as the U.S.-led invasion of Grenada. When a junior partner in an alliance cannot or does not maintain its own viewpoint, he argued, it is "not really an alliance but an empire."

Mr. Kinnock's trip will be the first to the United States by a Labor leader since Mrs. Thatcher's election in 1979. Although Mr. Kinnock has often criticized President Ronald Reagan's policies, the administration has agreed to a round of high-level talks, including appointments with Mr. Reagan, Secretary of State George P. Shultz and Defense Secretary Caspar W. Weinberger.

He will also meet leading Republicans and Democrats in Congress, trade union officials and the secretary-general of the United Nations, Javier Pérez de Cuellar. He is to make speeches to the Council on Foreign Relations in New York and to the Carnegie Endowment and the National Press Club in Washington.

He said he would have "nothing but words of encouragement" for the president's recent change of tone toward the Soviet Union, which he called "a suspicion of a smudge of a pale dawn" of a new day in East-West relations. Mr. Reagan's latest speech, he said, had

"stalled but not put into reverse the rush toward confrontation that has frightened even the most complacent of the cold warriors."

But if the interview was any guide, much of what Mr. Kinnock will have to say in the United States will dispel the administration.

He said he favored the immediate withdrawal of the multinational force from Lebanon, in which Britain has a contingent of 110 men. Until that was done, he said, President Amin Gemayel of Lebanon would have no real reason to broaden his government, Israel would have no reason to withdraw its troops from the southern part of the country and Syria would have an excuse for continuing to block progress.

"Withdrawal would not invite a Soviet takeover," Mr. Kinnock said in his office at the House of Commons. "I'm not complacent about Soviet intentions. I think they want all the influence they can get in the area, but I think they want it without further commitments."

He also criticized U.S. policy in Central America. He said he found it "incredible" given the recent nature of the horror in Vietnam, that America can even contemplate the possibility of stumbling into a similar situation once again, especially when for a far lower price she could gain unprecedented influence through promoting economic and social change there.

He acknowledged that he had "a job of reassessing to do." Over the last decade, he said, his party had sent out a "misleading message" of support and anti-Americanism, partly through its own doing and partly through what he called "misinterpretation" by commentators in the media. Labor's program, he insisted, "is neither cowardly, complacent nor pacifist."

But Mr. Kinnock said that he would argue vigorously in Washington on behalf of his party's anti-nuclear platform, which includes the closing of all U.S. nuclear bases in Britain, including those with cruise missiles, and the scrapping of Britain's independent deterrent.

He said Britain need not depend on an U.S. nuclear strike force to defend it or to deter an attack on it, because "in the horrible event of war" there would be no defense and because he did not believe the Soviet Union had any reason to want to advance beyond the Warsaw Pact's boundaries.

By doing away with nuclear

weapons, Mr. Kinnock said, Labor would make available "a stock of resources," some of which could be used to improve Britain's conventional defenses at home and on the Continent.

As examples, he mentioned the need to expand the British Army and the Royal Air Force to give two million regiments for every strike aircraft instead of the reverse, as is now the case.

Mr. Kinnock said that he would argue vigorously in Washington on behalf of his party's anti-nuclear platform, which includes the closing of all U.S. nuclear bases in Britain, including those with cruise missiles, and the scrapping of Britain's independent deterrent.

He said Britain need not depend on an U.S. nuclear strike force to defend it or to deter an attack on it, because "in the horrible event of war" there would be no defense and because he did not believe the Soviet Union had any reason to want to advance beyond the Warsaw Pact's boundaries.

By doing away with nuclear

weapons, Mr. Kinnock said, Labor would make available "a stock of resources," some of which could be used to improve Britain's conventional defenses at home and on the Continent.

As examples, he mentioned the need to expand the British Army and the Royal Air Force to give two million regiments for every strike aircraft instead of the reverse, as is now the case.

Mr. Kinnock said that he would argue vigorously in Washington on behalf of his party's anti-nuclear platform, which includes the closing of all U.S. nuclear bases in Britain, including those with cruise missiles, and the scrapping of Britain's independent deterrent.

He said Britain need not depend on an U.S. nuclear strike force to defend it or to deter an attack on it, because "in the horrible event of war" there would be no defense and because he did not believe the Soviet Union had any reason to want to advance beyond the Warsaw Pact's boundaries.

By doing away with nuclear

India Aide Believed Abducted in U.K.

Compiled by Our Staff From Dispatches

BIRMINGHAM, England — Police said Sunday they believed that an Indian diplomat in Birmingham missing since Friday was kidnapped by a little-known political group.

Police said Ravindra Harshwar Mhatre, 48, assistant commissioner at the Indian consulate in Birmingham, was last seen Friday afternoon heading for a bus near his office.

Friday night, a group calling itself the Kashmir Liberation Army claimed to have kidnapped a diplomat, whom it did not name. The group threatened to shoot its captive Saturday evening unless the government of India paid it a ransom of £1 million (\$1.42 million) and freed political prisoners including Mahboob Butt, a convicted spy facing the death sentence in Kashmir.

Reuters quoted authoritative sources in New Delhi as having said a later message from the group extended the deadline by three hours. There was no communication after the extended deadline passed, the sources said.

They said Indian embassies

around the world were put on alert Sunday.

Mr. Butt, a former journalist, was sentenced to death in 1968 on charges of spying for Pakistan, killing an Indian intelligence officer and inciting revolt in India. He escaped from prison the following year but was recaptured in 1976 in Kashmir and has been in jail in New Delhi since then.

British police started an investi-

gation among the large Kashmiri population in Birmingham and the surrounding area to try to learn details about the group.

In the partition of India and Pakistan in 1947, the Hindu-ruled Muslim regions of Jammu and Kashmir were claimed by both countries. They were declared Indian state in 1956 but remain a subject of contention with Pakistan.

(AP, Reuters)

Former ETA Guerrilla Slain In 'Message to Repenters'

Reuters

MADRID — The murder of a former guerrilla has touched off fears in the Basque country of further reprisals against separatists who lay down their arms, Basque sources said Sunday.

The sources said the shooting Saturday in Bilbao of Miguel Solano, 39, was the first time the Basque guerrilla movement ETA had killed a former member who had renounced violence.

A Basque nationalist member of the Cortes, Marcos Vizcaya, called

the killing "a message from ETA to those who repent."

Another Basque politician, Mario Quindias, said: "This is the cruelest killing that ETA has carried out."

Mr. Solano, a construction engineer, was one of more than 80 people who have repudiated their past as ETA militants and taken advantage of amnesty arrangements that have been in force for several years. He was killed in front of his wife and two daughters.

Basque sources said Mr. Solano's death had put others like him in fear of their lives and could discourage about 60 ETA prisoners, who are seeking amnesty, from completing the process.

The sources said the Solano killing was part of ETA's response to the government's attempt to put pressure on the movement by offering amnesty on the one hand and stepping up security on the other.

ETA, renouncing for such pressure and for a crackdown on Basque cities in France, killed a Spanish Army general in Madrid last month. On Sunday, a retired Civil Guard was shot and seriously wounded and a passerby was hurt in an ETA attack in Lasarte, near San Sebastián.

JOURNALISM TODAY



Today there is more demand than ever for objective and impartial information upon which to base one's judgments. Few newspapers have earned a better reputation in this respect than the *Neue Zürcher Zeitung*, as is evidenced by the worldwide esteem in which its style of journalism is held.

One special *Neue Zürcher Zeitung* service is the *Swiss Review of World Affairs*, an English-language monthly that carries a selection of the paper's leaders, comments and in-depth analyses covering the fields of politics, business and culture.

A subscription to the *Swiss Review of World Affairs*, in your own name or that of a personal or business friend anywhere in the world, will be well worth while.

Neue Zürcher Zeitung

Please send me two specimen copies of *Swiss Review of World Affairs* free of charge.

Please return to:
Swiss Review of World Affairs, Subscription Department
P.O. Box 660, CH-8021 Zürich, Switzerland

Name:

Address:



SKY CHANNEL
from SATELLITE TELEVISION

PROGRAM, MONDAY 6th FEBRUARY G.M.T.

17:00 CARTOON TIME
17:05 SKY CHANNEL MUSIC
18:05 FANTASY ISLAND
18:55 CHARLIE'S ANGELS
19:45 VEGAS
20:35 ROYAL REPORT
21:05 AMERICAN FOOTBALL
21:55 SKY CHANNEL MUSIC

BROADCASTING TO CABLE COMPANIES IN EUROPE THE UK VIA SATELLITE.
CONTACT FROM WATERS AT SATELLITE TELEVISION FOR FURTHER INFORMATION TEL: LONDON (01) 439 0491 TELEX: 228843

Daily News in English
with highlights from the *International Herald Tribune*
Morning from 8:45 to 9:45 a.m.
Evening from 10:00 p.m. to 2:00 a.m.
RADIO KLOV
92.8 FM, Paris
English-language station.
Tel: 563.87.97

Herald Tribune

Published With The New York Times and The Washington Post

Toward a Triangular Peace

Can it be that South Africa sincerely wants to strike a deal with Marxist Angola? And that it is also willing to end a 17-year-old hush war in Namibia, the huge, rich territory it rules illegally? That it will let a hostile United Nations supervise elections in Namibia, even though its friends are likely to lose?

If the answer on all three counts is yes, the Reagan administration will finally chalk up a solid achievement on its diplomatic slate.

Something is plainly afoot. South Africa is "disengaging" its forces in Angola and proposing a 30-day cease-fire in Namibia, or South-West Africa. Diplomats are in urgent motion. But South Africa's record in a set of inherently difficult controversies has been so suspect that optimism now has to be premature.

With Americans as tenacious go-betweens, South Africans and Angolans, who do not negotiate face to face, are exchanging "ideas" in Cape Verde. This seems to be the best chance yet of ending an undeclared war that is rooted in South Africa's conviction that Angola, with Soviet support, is promoting a "liberation" insurgency in Namibia.

One tentative result of these non-meetings has been a South African offer to "disengage" from Angola for a month provided Angola restrains guerrillas on its territory from attacking Namibia. What makes the South African announcement so vague is that it formally denies the undeniable, that it is occupying parts of Angola. If this stand-down works, it could be at least a start of a wider deal by

which South Africa would finally end its occupation of Namibia while the Angolans bid farewell to up to 30,000 Cuban troops.

Too little is known about this triangular war. Angolans seem drained and battered. Its Cuban visitors have not discouraged South Africa's raids or the home-grown insurgency led by Jonas Savimbi, which Pretoria supports. Black Angola may indeed be ready for a grudging coexistence with the white racist next door, a path already taken by a similarly weakened and bullied Mozambique.

But Angola depends heavily on Soviet aid and may lack room for independent maneuver. What should appeal to its leaders is a clear commitment by South Africa to loosen its grip on Namibia. Twice before, Pretoria scuttled peace plans for domestic political reasons. South Africa's white rulers truly fear a black Marxist regime on their frontier.

No one seems to know the mind of South Africa's prime minister, P. W. Botha. Perhaps he himself does not yet know it. Ending the occupation of Namibia could save his nation \$1 billion a year.

It would be an election-year windfall for the Reagan administration to help end this long war and force a simultaneous retreat on forces of both the far right and the far left. But the reverse is also true. If Mr. Botha has again misled the United States with empty promises, that will mean the only administration that has recently tried to befriend his nation.

—THE NEW YORK TIMES.

Steel Weakens Its Case

The latest merger proposal in the American steel industry raises the same point as the last one. The steel industry cannot have it both ways. It is legitimate for steel producers to argue that they need to consolidate in order to compete effectively with foreign imports. But if they are going to make that case, they cannot at the same time ask the federal government for protection from those imports.

Or, to put it the other way around, the degree of concentration permissible in the industry depends on its exposure to foreign competitors. In purely domestic terms, steel is an industry highly concentrated in its structure of ownership. Seven big companies produce two-thirds of all American-made steel. Within the industry there have been predictions that the number of dominant companies shortly will be down to four, unless the Justice Department forbids it as a violation of antitrust law.

Five months ago, Republic Steel Corp. and LTV's Jones and Laughlin subsidiary agreed to merge. That plan is still under review at the Justice Department. Now the United States Steel Corp., the largest U.S. producer, has agreed to buy National Steel. Again, the Justice Department would have to approve the sale. If it permits both, there will be only five major producers — too few if the United States is going to have quotas on imported steel. With no check from abroad on prices, the industry would begin to look very much like a

cartel. But if there were no restraints on imports, five companies or even four would be an acceptable number.

Currently about 22 percent of the steel used in the United States is imported. Late last month Bethlehem Steel Corp. asked the federal government to push that share down to 15 percent, and hold it there with import quotas, on the ground that the competition is damaging the American industry. That is an extremely dangerous idea, for reasons, incidentally, that President Reagan's Council of Economic Advisors spelled out accurately and forcefully in its annual report last Thursday.

If trade protection allows U.S. steel producers to raise their prices above foreign levels, it will destroy more American jobs than it saves. The higher cost of steel will make it harder than ever for American auto manufacturers, for example, to compete with imports, and harder for American machinery manufacturers to compete both at home and abroad. U.S. exports of machinery are immense, and they are sensitive to steel costs.

In a permanently open market, there would be a strong case for allowing these two mergers. But the steel producers carry on an unremitting campaign to close it. They have already been partly successful — and thus have severely undercut their own case for industrial consolidation.

—THE WASHINGTON POST.

The Pistol of Sarajevo

Television viewers who know little or nothing about Sarajevo's fame may learn some pertinent history amid the hoopla over the Winter Olympic Games that begin there on Feb. 7. Sarajevo is not just a sleepy Bosnian city in Yugoslavia. It was there that a terrorist's pistol ignited a European slaughter that claimed four empires and millions of lives.

The day that made Sarajevo notorious was June 28, 1914. A young nationalist, Gavrilo Princip, associated with terrorists who called themselves the Black Hand, killed Archduke Francis Ferdinand, heir to the Austro-Hungarian Empire, to which Sarajevo belonged. An outraged Austria accused Serbia, then an independent kingdom, of plotting the deed.

Ultimatums were exchanged, armies mobilized — and in a month Europe had lurched into war. What had failed was a system of alliances and a theory of deterrence in which European statesmen misplaced their faith. More arms were equated with more security,

and a tough tone became the diplomatic norm. Thus Germany's foreign minister favored egging Austria on: "The more boldness Austria displays, the more strongly we support her, the more likely Russia is to keep quiet."

Russia did not, and war erupted. The most striking thing, writes the Oxford scholar A. J. P. Taylor, was lack of contact between political and military leaders: "Military plans were at their most rigid in the railway age, yet no statesman had the slightest idea what the timetables involved. Their sensations, when diplomacy collapsed, were those of a train passenger who sees the express thundering through the station at which he intended to alight."

So a war that few really wanted became a conflict that nobody knew how to end. Fittingly, after the 1984 Winter Games, the other Sarajevo will be recalled in a dramatized form in June on Austrian and German television. That pistol shot still resonates.

—THE NEW YORK TIMES.

Other Opinion

Build-Up in the Caribbean

U.S. arms and personnel have been arriving in tiny West Indian islands that hitherto have never wanted — or thought they could afford — the luxury of armies. Parallel to these developments has been the sad failure of attempts by Sir Shridath Ramphal, the Commonwealth secretary-general, to have the foreign troops in Grenada replaced by a force of 600 police drawn from all parts of the Caribbean.

To a large extent the present arms race in the West Indies is the consequence of the action of Cuba and the Soviet bloc in sending Grenada the large quantities of weapons that the late Maurice Bishop — not without justification — said he needed to defend his island.

Whatever the explanation of the current militarization, it is clear that it can do no good to islands which in some cases are barely able to feed themselves.

—The Observer (London).

FROM OUR FEB. 6 PAGES, 75 AND 50 YEARS AGO

1909: Roosevelt Warns Californians
WASHINGTON — President Theodore Roosevelt continues to show the greatest interest in the situation in California. At his reception for members of Congress [on Feb. 4] he said that if the California Legislature did not recede he would be forced to declare his position one more in a Message to Congress for the effect on the country. Baron Takahira, the Japanese Ambassador, shut his jaws with a snap and showed deep emotion when informed of the action of the California Assembly in passing the bill excluding Japanese from public schools. All the members of the California delegation in the House were interviewed. Half of them endorsed the action of the Assembly. The other half expressed sorrow.

1934: Poland's Treaty With Germany
WARSAW — Improved relations with her two most powerful neighbors, Soviet Russia and Germany, were the high points in Poland's foreign relations during the last year, Joseph Beck, minister of foreign affairs, told the Senate Foreign Relations Committee [on Feb. 5]. Defending the nonaggression treaty which he concluded with Germany, M. Beck predicted that it would have far-reaching effects on the peace of Europe. "When Hitler came to power," he told the senators, "there was a great deal of skepticism all over Europe. The Polish government did not share that feeling. Following the very first contacts established between the two governments a manner of solving our problems like good neighbors was found."

Politics and Age: Can Reagan Survive 5 More Years?

By Robert G. Kaiser

WASHINGTON — There were 250 people in the class of 1932 at Eureka College. Sixty-six of them are still alive — including, of course, the president of the United States. He will be 73 Monday, three years older than any previous American president. He wants to stay on the job until he is almost 78.

According to the polls and to numerous political experts, Ronald Reagan's age will not be a significant 1984 campaign issue. This seems odd, given Americans' slavish preoccupation with youthfulness, and given the fact that Mr. Reagan now proposes to become by far the oldest leader the United States has had. Ask younger people if the 75-year-olds they know personally would be capable of serving as president, and you will discover a lot of skepticism. But it does not seem to rub off on Mr. Reagan.

One reason why, no doubt, is that Ronald Reagan does not look or act like a man in his mid-70s. He seems years younger. And the fact that he is a man in his mid-70s is hardly grounds for consigning him to the ash heap of history. According to the figures used by life insurance companies, Mr. Reagan has a life expectancy of 9.3 years — enough for two more terms in the White House. Americans are not used to elderly leaders, but many other countries are. Tito was president of Yugoslavia until his death at 88. Konrad Adenauer retired as chancellor of West Germany at 87.

Reaching 73 demonstrates relatively good health. About half the people born (like Mr. Reagan) in 1911 are still alive; of them, 70 percent should survive five years.

On the other hand, Mr. Reagan is asking his countrymen to re-elect a man whose chance of surviving another term is, mathematically, 7 in 10 — and who has a considerable chance of

suffering serious health problems if he does survive it. So how should voters feel about Mr. Reagan's age?

Dr. Robert Butler of Mt. Sinai Hospital in New York, former director of the National Institute on Aging, observed that the nation has a group of unprecedentedly healthy old people — and also a group of unprecedentedly ill old people, who are kept alive by modern medical technology. At present, said Dr. Butler, "we don't have a sophisticated methodology to predict in individual cases."

He said Mr. Reagan seems vigorous and healthy, and noted his reputation for not working terribly hard at his job. Perhaps he is ideally suited for another term, Dr. Butler said.

One group of experts worth consulting on this matter are people who have lived through their mid-to-late 70s — the years Mr. Reagan proposes to spend in the White House.

"I see nothing wrong with it," said Senator Barry Goldwater, the Arizona Republican, who is 75. "I don't think age has anything to do with senility. I've seen men in their 30s who were senile." Mr. Goldwater added that he had "never known Ronald Reagan to have a sick day in his life."

John Kenneth Galbraith, 75, the economist, had another view. "Even with all my vanity, I would look forward with some discomfort to four years of the presidency," he said.

"If I had to do it, I think I could," said C. Douglas Dillon, 74, who was Treasury secretary in the Kennedy administration. "The way the president has been taking care of himself, he seems fully capable and strong."

Barry Bingham Sr., chairman of the board of

the Louisville Courier-Journal and Times, who will be 78 on Friday, said, "It's obvious that Ronald Reagan is one of those persons who has managed to age very slowly and gracefully."

But, he added, "I'm utterly convinced that within the next four years, he is going to be too old to occupy that position. Increasing age makes flexibility more and more difficult, but flexibility is terribly important."

Clark M. Clifford, 78, the Washington lawyer and former secretary of defense, said he had noticed no diminution of his own capacities in his 70s. But he noted that "those attributes and idiosyncrasies that exist in an individual tend to become stronger as time goes on."

In 1952 the United States had a popular president named Alben W. Barkley. He wanted to succeed Harry S. Truman, as president. But influential labor leaders inside the Democratic Party vetoed the Barkley candidacy. At 74, they said, he was "too old."

Mr. Barkley, who was devoting grueling, 16-hour days to campaigning, was livid. But others agreed that he really was too old — for example, The Washington Post. In an editorial, The Post said: "The presidency has become an office of such enormous importance . . . that the election of an aged man to it would be too much of a risk to run."

Mr. Barkley remained vigorous, and in 1954 won back his old Senate seat. In April 1956, in the fourth year of the presidential term for which he had wanted to run, he collapsed while making a speech and died.

But there are many more heartening precedents, like Tito and Adenauer. De Gaulle was president of France until he retired at 79. Fran-

co ruled until he was 82; so did Mao. Churchill was still prime minister of Britain at 80, but his capacities were diminished by senility in his last years in office.

The previously oldest U.S. president, Dwight D. Eisenhower, had numerous health problems, but he lived out his second term in good shape, leaving the White House at age 70. He survived eight more years, and two more heart attacks.

The great care given in Eisenhower's time to full reports on the president's health ought to be a model for the Reagan White House. And the Eisenhower precedent is probably relevant in another way. Mr. Reagan is the easiest-going president since Ike. House Speaker Thomas P. O'Neill has charged that the president only works a leisurely three or four hours a day.

When Eisenhower went on television in 1956 to announce his decision to seek a second term, he said that "some of my medical advisers believe that adverse effects on my health will be less in the presidency than in any other position I might hold." No doubt they were right. Ronald Reagan may have had a similar thought.

Will the president's age be an issue in the campaign? Timothy R. Riley, an aide to Senator Frank R. Lautenberg of New Jersey, has studied the age question and says he is convinced that it is an important factor only to people who already question an elderly candidate's effectiveness and competence. He thinks it will be hard to make a case that Mr. Reagan is ineffective or incompetent, so he does not expect age to become a big factor in 1984 — unless Mr. Reagan has health problems or memory lapses that provoke people to worry about him.

The writer is an associate editor of The Washington Post.

From Hollings, a Plan To Attack the Deficits

By Tom Wicker

NEW YORK — Does President Reagan really worry about those enormous deficits, averaging \$200 billion annually, that his tax and military policies will foist on the United States for as many years ahead as you care to look?

If he does, you would never know it by his proposals; and Senator Ernest Hollings, for one, does not believe it. He is saying out loud what most would fear to whisper — that the deficits are part of a deliberate Reagan political strategy.

It happens that Mr. Hollings, a Democratic presidential candidate to whom too little attention has been paid, is the only man running in either party who has published a specific and — in my judgment — politically possible plan to eliminate those deficits. That gives the South Carolina senator standing to say of Mr. Reagan, as he recently did:

"He intentionally created a deficit so large that we Democrats will never have enough money to build the sort of government programs we want. . . . He came [to Washington] to preside as referee in bankruptcy over the dismantling of the American government," on the theory that "if we create a big enough deficit then we can halt government and break that Democratic bureaucracy."

There is certainly no evidence to the contrary in Mr. Reagan's 1985 budget. It offers a \$180-billion deficit, with only \$4 billion in spending cuts and a \$46-billion military spending increase — or \$55 billion if you accept the Congressional Budget Office's inflation forecast of 7 percent by 1987, rather than the White House estimate of 4 percent.

Mr. Reagan's proposal for bipartisan agreement to make a "down payment" on the deficit in the next three years is a palpable fake, designed to shift responsibility to the Democrats; and the \$100 billion he proposed would still leave the deficit up by \$500 billion after three years.

Mr. Hollings, a man of tart tongue, derides what he calls Mr. Reagan's "phony, Hollywood history," in which the president claims that the deficits are the result of "the last 50 years of government." A member of the Senate Budget and Appropriations Committee, Mr. Hollings points out that "from 1950 to 1970 the whole cumulative government deficit was \$74.7 billion."

But \$457 billion was added to the national debt in the first 32 months Mr. Reagan was in office. The projected eight-year growth in the debt, covering a second term for Mr. Reagan, is about \$1.64 trillion. That would nearly triple the national debt he inherited in 1981 from the last 200 years of government.

This crushing debt, in the Hollings view, will be used "as a club to break the spirit of the Democrats," and to wipe out post-New Deal government. Once re-elected, he believes, Mr. Reagan "will come in with a consumption tax to lower the deficit at the expense of consumers."

But next year might be too late. The deficits drive up the value of the dollar, for example, and increase the cost of U.S. exports; these fell last year from \$24 billion to \$18 billion, the main reason for a \$70-billion trade deficit that is extremely costly in American jobs.

Henry Kaufman, the Salomon Brothers economist, observed recently that "it is too late to wait until fiscal 1985 or calendar 1985. By that time the utilization of resources, the inflationary pressures, are going to be somewhat too great so that the budgetary measures that will be undertaken then are not going to give us what we want" — a lower inflation rate and a continued recovery.

Mr. Kaufman said he also expected substantially higher interest rates "unless there is some intervention through fiscal policy" this year.

Mr. Hollings would intervene right now, by "freezing" last year's budget into place for fiscal 1985 — including military spending, federal pay, and cost-of-living allowances in entitlement programs. After that one-year freeze, he would hold spending growth across the board to 3 percent annually for five years; delay for five years the scheduled indexing of income tax brackets; and enact special tax reforms, including repeal of the oil depletion allowance and the imposition of a 4-percent minimum corporate income tax.

The result: five-year revenue gains of \$256.8 billion from tax reform and the delay of indexing; five-year savings of \$148.2 billion in military spending; \$116.4 billion in other federal programs and \$73 billion in reduced interest costs. The total of \$594.4 billion in revenues and savings would produce a deficit of only \$2.7 billion in the 1988 fiscal year.

That would do the job, and it would spread the pain fairly. Is Mr. Reagan willing to do as much? No, said Mr. Hollings: "With his policies of borrow, borrow, spend, spend," he only "smiles and waves and talks about space stations and constitutional amendments."

The New York Times.

A Strategy for Getting the Marines out of Lebanon

By Joseph Kraft

WASHINGTON — Avoiding humiliation is all that remains of American policy in Lebanon. Yet achieving even that minimal goal goes against the grain of events.

The United States needs to recover the initiative. It is time to think about an exit strategy that can be applied unilaterally to limit the gains by radical nationalists and the Soviet Union.

The great risk in Lebanon is a sudden dip in the world balance of power. If the United States were pushed out, the new lineup of losers and winners would be an upheaval.

The immediate loser would be the Lebanese government of President Amin Gemayel, which could conceivably collapse. Israel would take a devastating blow in morale. Moderate regimes in Jordan, Egypt and

Saudi Arabia would be weakened. The immediate victors would be the disident Moslem radicals in the Lebanese communities, the Druze and the Shites. They are backed by the foremost exponent of radical Arab nationalism, President Hafez al-Assad of Syria.

The Reagan administration initially planned its hope on a political solution in Lebanon. To that end, it brokered talks between Mr. Gemayel and the disidents. But success requires Syrian support. After first seeming to bless compromise, Mr. Assad has turned against an accord, hence the new fighting in Lebanon.

Mr. Assad's stiffening comes in reaction to a series of moves by Syria's enemies in the Arab world. One enemy is Yasser Arafat, whom the Syrians drove out of Lebanon after provoking a split in the ranks of his Palestine Liberation Organization. Hossni Mubarak of Egypt, a second enemy, then embraced Mr. Arafat at a meeting in Cairo. King Hussein of Jordan, a third enemy, undertook to meet with Mr. Arafat and to take up his cause. Iraq, a fourth enemy, joined Mr. Arafat, Hussein and the Saudis in arranging the re-entry of Egypt to the Islamic Conference.

Those developments foreshadow the formation of a moderate Arab bloc. The United States encouraged the realignment because the bloc could pose a barrier to Syria. Indeed,

that is why Mr. Assad stiffened. But the full alienation of a moderate bloc takes time — and the clock is running in American politics.

The Democrats' case against Ronald Reagan is that he has mortgaged the future to the immediate present. They cannot prove it yet on the budget, or in arms control, or in Central America. But Lebanon affords the daily spectacle of Ronald Reagan standing tall on the backs of the Marines. The Democrats find it an irresistible political target and are demanding a U.S. withdrawal.

President Reagan, in response, keeps hailing "progress" in Lebanon. His lieutenants, meanwhile, report the bleak realities. With the report goes the implied threat that the Democrats will be blamed for "losing Lebanon." Maybe the double-talk will work. Perhaps the Democrats will back down. In any case, huge risk are being needlessly run.

The administration has its loss approach to Lebanon out of sequence with its Arab policy, which is out of sequence with American politics. The right sequence needs to be restored. The way to do that is to put pressure on the Syrians and the Russians, not the Democrats.

A first step would be to set a date for moving the Marines from Beirut to U.S. ships offshore. At the same time, notice would be served on the Syrians and the Russians that there would be trouble — lots of trouble — if they sought to exploit the situation.

American forces, instead of being held hostage in Beirut, would be available to tip the balance back.

In the interim, Mr. Gemayel would have a chance to arrange a deal with the disidents. The Israelis could cushion the impact of withdrawal by moving in tandem with the United States. There would be risks. But at least the United States would recapture its freedom of movement.

Los Angeles Times Syndicate.

To Qadhafi, Comiso Is Too Close for Comfort

By Enrico Jaccchia

ROME — Moamer Qadhafi dislikes the idea that 41 cruise missiles will be installed in a few weeks — March 16 is the date mentioned — in Comiso, Italy, a few hundred miles from his presidential palace.

His evident displeasure has caused concern within the government in Rome, where it is noted that about 15,000 Italian workers and technicians are now in Libya. If the unpredictable Colonel Qadhafi were to make some of those Italians hostage, it would not be the first time he had played such games with foreigners.

Foreign Minister Giulio Andreotti has flown to Tripoli for a visit that is the first at its level in years of cool relations between Italy and Libya.

He has explained to his host that the cruise missiles to be deployed in Comiso will be directed exclusively at Soviet and Warsaw Pact targets.

But Colonel Qadhafi appears not to feel reassured. His advisers, to be sure, will have made it clear to him

that the cruise missiles to be installed in Comiso are programmed to fly only to targets such as Odessa, the Soviet air and missile bases in the Carpathian region, and so on. But an alternative program could be inserted in the nuclear warhead with an accurate description, for instance, of the huge underground military bases that the Libyans have been constructing for years in the desert.

It is not clear how far the Libyan leader is prepared to press this issue. He knows that Italian workers and Italian investors help in the development of his country. He also knows that a determined Libyan opposition to the installation of the missiles in Comiso could help Moscow in its larger designs.

These designs, some sources say, are moving along several converging lines. First, the idea of a nuclear-free

zone in the Balkans — an old Soviet objective — is being revitalized and enjoys the support of the Greek government. Turkey, another NATO country, is not hostile to the idea. Meanwhile, the Italian Communist Party secretary, Enrico Berlinguer, is traveling extensively to Southern European capitals to get support for his simple idea: Let us keep the cruise missiles in storage in their crates at the U.S. base in Sigonella, Sicily; there will be plenty of time to deploy them in Comiso later.

The Greek government flatly opposes the deployment in Comiso. The Italian Communists have increased the pitch of their anti-nuclear rhetoric and are focusing now on the imminent deployments. If Colonel Qadhafi effectively plays the cards he holds, the pressure on the Italian government might persuade Rome to ask for a delay. The missiles might then stay in storage in Sigonella.

International Herald Tribune.

Letter: Examining the Usual Wisdom on Inflation

From Walt W. Rostow in Oxford, England

IN "After the Golden Age," Some Economic Lessons" (HT, Jan. 18), which is an interesting survey of lessons to be drawn from the U.S. economic experience since the mid-1960s, Leonard Silk offers two pieces of conventional wisdom that require challenge. Both concern the operation of powerful forces in the world economy which are as important for the present and future as they were in the past.

The misleading assertions are: 1) that the long bout of exacerbated inflation in the United States was triggered by President Lyndon Johnson's failure to get the tax increase in 1966 that he finally did get in 1968, and 2) that the price explosion which began at the end of 1972 was triggered by the lifting of President Richard Nixon's wage and price controls of 1971-72.

Most economists, including myself, would have preferred to see President Johnson succeed in persuading Wilbur Mills to join forces in achieving a tax increase in 1966. But two quite different inflationary forces began to operate in the mid-1960s throughout the world economy that were much more powerful than the marginal difference a 1966 U.S. tax increase would have made. First, the decline of world prices of crude materials, which had been going on since 1951, ended in 1964. It had damped inflationary pressure both directly and by causing labor to moderate claims for wage increases. It gave way to the slow acceleration of inflation in the late 1960s

which preceded the price explosion in late 1972. Second, productivity increases began to decelerate from the mid-1960s in all the advanced industrial countries. The average deterioration in rate of increase was about 20 percent between 1965 and 1970; for the United States it was about 30 percent. The reason for this phenomenon was the quite normal waning of potentialities for productivity increase in the leading sectors of the postwar boom, e.g. motor vehicles, steel, plastics, synthetic fibers, television, and so on.

These two forces account for most of the trend to rising prices of the late 1960s — a global, not a narrowly American, affair. It was during these years also that conditions developed that explain the grain and oil price explosions which shook the world economy in 1972-74. Grain reserves, measured in days of global grain consumption, fell from 95 in 1961 to 35 at the worst of the Indian food crisis in 1967. After a brief recovery, the figure was down to 51 in 1971. The subsequent bad harvests, against this background, not only produced the price explosion of 1972-74 but also drove the reserve level down to 37 days in 1973.

A similar attenuation of the underlying reserve position was going on in the world's oil markets, notably in the United States. Between 1965 and 1969 U.S. oil consumption increased at 4.5 percent per annum, while proved reserves declined at 2.3 percent. After decelerating rapidly from

1966, U.S. oil production began its absolute decline in 1971. The United States was importing 4 percent of its energy consumption in 1965, but 13 percent in 1972 when the Organization of Petroleum Exporting Countries judged that it had sufficient leverage to quadruple oil prices.

As an exercise in incomes policy there is a good deal to criticize in President Nixon's program of 1971-72; but it is particularly important, for reasons that transcend historical accuracy and balance, to avoid the comfort and convenience of using politicians as scapegoats in analyzing the period since 1965.

While mainstream macroeconomists argue over rates of increase in the money supply and the size of federal deficits, both of which deserve attention, the future of the world economy will be determined largely by what happens to basic commodity prices if there is a strong revival, by the pace at which we generate and diffuse the new technologies that are supplanting the leading sectors of the postwar boom, and by whether we install effective incomes policies.

The latter issue, and thus a useful place in Mr. Silk's review. But there is hardly a word about supply-demand prospects in commodity markets or about the employment and productivity implications of the revolutions in electronics, genetics, industrial materials, and so forth.

Other letters, Page 5.

INTERNATIONAL HERALD TRIBUNE
JOHN HAY WHITNEY, Chairman 1958-1982

KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER
Co-Chairmen

LEE W. HUBNER, Publisher
Executive Editor: RENÉ BONDY
Editor: FRANCIS DESMAISONS
Managing Editor: RICHARD H. MORGAN
Deputy Editor: STEPHAN W. CONAWAY

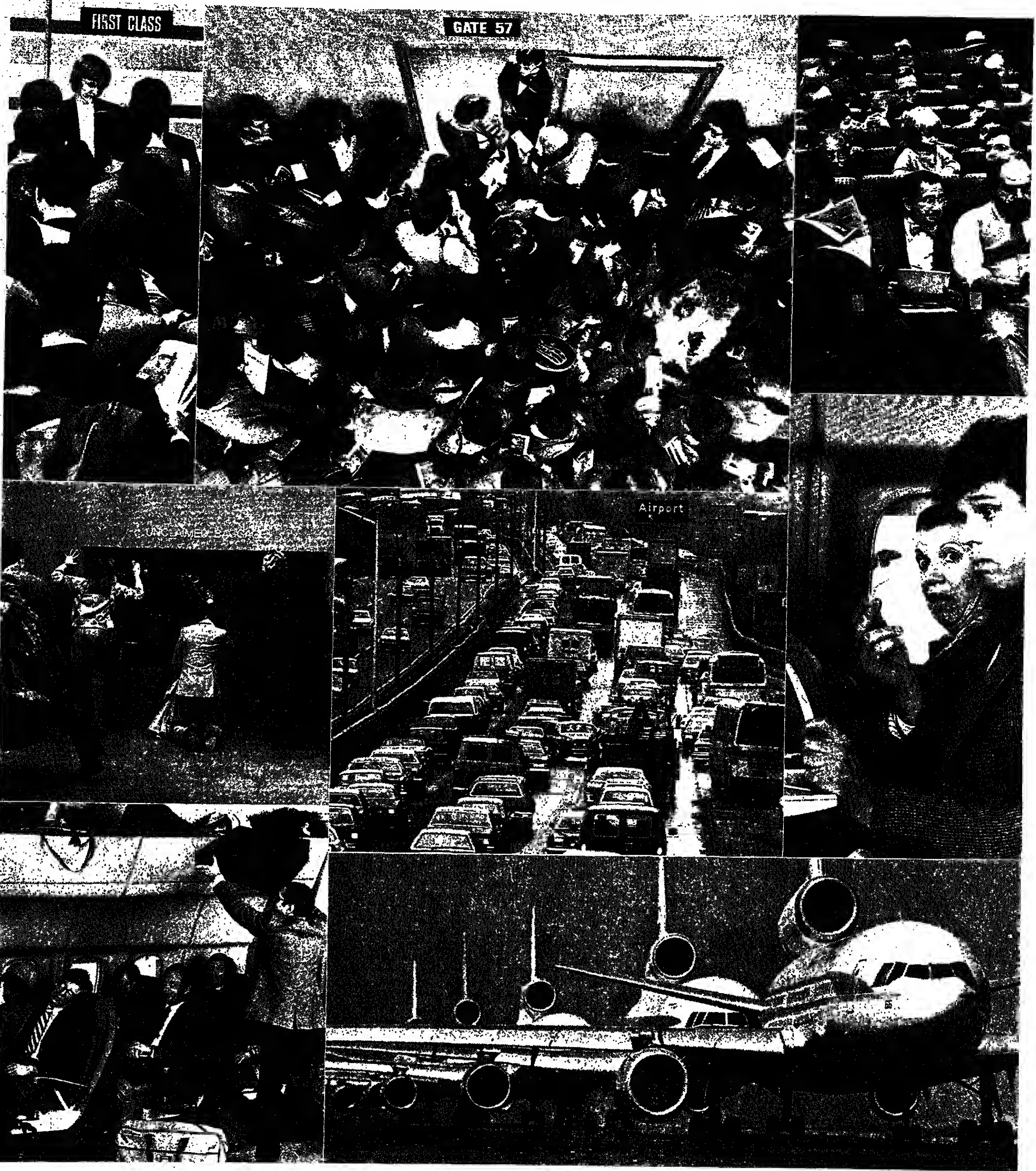
PHILIP M. FOISIE, Executive Editor
WALTER WELLS, Editor
ROBERT K. MCCABE, Managing Editor
SAMUEL A. ART, Deputy Editor
CARL GEWIRTZ, Associate Editor

International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France. Telephone: 747-1265. Telex: 612718 (Herald). Cables: Herald Paris.

Gen. Mgr. Asia: Alfred Lassar, 24-34 Hennessy Rd., Hong Kong. Tel. 5-285118. Telex 61170.
Managing Dir. U.K.: Robin Mackenzie, 43 Long Acre, London W.C2E 9LT. Tel. 636-4802. Telex 262009.
S.A. capital of 1,000,000 F. RCS Nanterre B 73302176. Commission Paritaire No. 3433.
U.S. subscription: \$280 yearly. Second-class postage paid at Long Island City, N.Y. 11101.
© 1984, International Herald Tribune. All rights reserved.

مكثان النحل

Of course buying cheaper than buying. But what has the time to jump a merger or beat a deal or negotiate a trade? Not when some squeeze you into a deal. And so, painful as it is, for a moment without airlines, the long lines, the delays, the puzzle. Without the excitement. The ruined schedule. Consider life without a moment, and also you will never control your train.



There is no cheap alternative to flying the airlines. And that happens to be irrelevant.

Of course buying an airline ticket is cheaper than buying a company jet.

But what has that got to do with anything?

The time to jump on an airplane to go sign a merger, or beat a deadline, or snap up a property, or negotiate a treaty is when business conditions are favorable and when the personalities involved are ready.

Not when some travel agent thinks he can squeeze you into a late departure on standby.

And so, painful as it may seem to you, consider for a moment life without travel agents. Without airlines. Without the congested airports, the long lines, the missed connections, the endless delays, the puzzling food, the lost luggage.

Without the excuses for the missed meetings. The ruined schedules. The forfeited opportunities.

Consider life without all those things for a moment, and also consider this.

You will never control your business until you control your transportation.

And you will never control your transportation until you own your transportation.

At this point, of course, we could tell you how we've simplified the choices for you.

We could tell you how the extreme fuel economy of our wide-body Canadair Challenger 600 offers the first economically feasible alternative to the cramped little transcontinental jets you're probably more familiar with.

Or how our long-range Challenger 601 will fly you more economically, yet in greater wide-body comfort, than any other intercontinental corporate jet in the world.

But the truth is, finding the specific aircraft that's right for you isn't very important at this stage.

What's important is analyzing the nature and frequency of your corporate travel to determine whether or not you should get off the airlines in the first place.

Believe it or not, we might just tell you to keep your seat.

For information on the inner workings of a travel analysis, or for the facts and figures on the Challenger 600 and 601, or even for nothing more than an intelligent discussion about corporate travel in general, the man to speak with is James B. Taylor, Senior Vice President of Canadair Ltd.

Feel free to pick up the phone and call him at (514) 744-1511. Or write Canadair Ltd., P.O. Box 6087, Montreal, Canada H3C 3G9.



**canadair
challenger**

International Bond Prices - Week of Feb. 2

Provided by White Weld Securities, London, Tel.: 623-1277; a Division of Financière Crédit Suisse-First Boston
Prices may vary according to market conditions and other factors.

RECENT ISSUES

Am	Security	%	Middle Price	Yield	Am	Security	%	Middle Price	Yield
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5

STRAIGHT BONDS
All Currencies Except DM

Am	Security	%	Middle Price	Yield	Am	Security	%	Middle Price	Yield
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5

Am	Security	%	Middle Price	Yield	Am	Security	%	Middle Price	Yield
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5

Am	Security	%	Middle Price	Yield	Am	Security	%	Middle Price	Yield
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5

Am	Security	%	Middle Price	Yield	Am	Security	%	Middle Price	Yield
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5
119	Enron Development Corp	11 1/2	100	11.5	119	Enron Development Corp	11 1/2	100	11.5

EUROBON
BICARL GEWISS

Market Holds Steady
Week's Decline

U.S. Treasury Staying

DM STRAIGHT BONDS

WESTLB
Eurobonds • DM Bonds • Schuldscheine
for dealing prices call

DÜSSELDORF
Westdeutsche Landesbank, Head Office, P.O. Box 1128, 4000 Düsseldorf
International Bond Trading and Placement: Telephone 826 3122/826 3741
Telex 8581881/8581882

London
Westdeutsche Landesbank, 41, Moorgate, London EC2R 6AE/UK
Telephone 638 6141 • Telex 867 984

Luxembourg
WestLB International S.A., 32-34, boulevard Grande-Duchesse Charlotte,
Luxembourg, Telephone 44 74 71 • Telex 28 31

Hong Kong
Westdeutsche Landesbank, 8A Tower, 36th Floor, 12 Harbour Road,
Hong Kong, Telephone 5-8420 288 • Telex 75142 HX

Marketmakers in Deutschmark Bonds **WestLB**
Westdeutsche Landesbank

CURRENCY R

Latest bank rates on Feb. 2
Source: Reuters, Frankfurt, Milan, Paris

Dollar Value

Source: Reuters, Frankfurt, Milan, Paris

MONDAY, FEBRUARY 6, 1984

Page 9

EUROBONDS

By CARL GEWIRTZ

Capital Market Holds Steady in Spite of Last Week's Decline of the Dollar

PARIS — The dollar stumbled in the foreign exchange market last week, losing 2.4 percent against the Deutsche mark and provoking a debate about whether this was just a hiccup or the beginning of the long-awaited sustained decline from its overvalued perch.

While foreign exchange traders argued the pros and cons, the international capital market appeared to register a disinterested yawn.

There was, to be sure, very robust demand for the non-dollar securities on offer — especially bonds denominated in Deutsche marks, yen and sterling. But this was perceived to be new money being channeled into these sectors rather than cash generated from the liquidation of dollar holdings.

Activity in the dollar sector did slow as investors refrained from making new commitments. But prices in the secondary market held steady and dealers reported no signs of selling pressure.

Analysts had a variety of theories to explain this stability. First, they stressed that no one could be certain that the dollar would not rebound from its current level.

They also noted that many big investors — the offshore insurance subsidiaries of U.S. companies and bond investment funds with fixed portions of assets committed to dollar holdings — were relatively immune from fluctuations in the exchange rate.

Other investors, the analysts said, will always keep a portion of their holdings in dollars and at this time (with the outlook for the dollar still uncertain) are more likely to diversify into non-dollar instruments with new money available for investment rather than by dumping their dollar holdings.

The experts were divided about the extent to which these investors are using foreign currency futures or options contracts to hedge their portfolios. Some Swiss bankers said their clients were active hedgers, aiming to hold onto their dollar holdings but benefiting from the dollar's decline by playing the currency market. But some London bankers catering to large institutional clients said they saw little sign of such activity.

In the dollar market, the most noteworthy development last week was the \$100-million issue for Alaska Housing Finance Corp. Overseas Finance.

These 10-year bonds, issued at par bearing a coupon of 11 1/4 percent, are collateralized by mortgage pass-through certificates of the Federal National Mortgage Association — a U.S. government agency whose paper is backed by the full faith and credit of the United States.

U.S. Treasury Staying Away

Although various high-grade U.S. companies have issued Eurobonds at rates well below what the U.S. Treasury was paying in New York, the federal government has steadfastly refused to lower its own borrowing costs by tapping the Eurobond market. To do that, it would have to go through the subterfuge of creating an offshore financial subsidiary to issue tax-free paper and thereby sell abroad something it does not offer to domestic investors.

That view has not changed. Neither the government nor its agency, the Federal National Mortgage Association, or Fannie Mae, were required to approve the decision of the Alaska state housing agency to back its Eurobond with federal paper. Nevertheless, investors are now offered for the first time the opportunity to buy tax-free bearer bonds carrying the de facto guarantee of the U.S. government.

As a result, the Alaska housing agency was able to raise money at a cost of 10 basis points, or hundredths of a percentage point, over comparable domestic Treasury rates whereas at home it would expect to pay 40 to 50 basis points over the Treasury rate.

The structure of the issue is complicated, but in effect the Alaska unit will use the proceeds to write mortgages that it then exchanges with Fannie Mae, which guarantees payment of interest and principal.

The major drawback to the issue is its uncertain lifetime. Mortgages can be prepaid and in a period of falling interest rates they are likely to be, and as they are prepaid the funds will be used to redeem the outstanding bonds. This can start anytime after 1987.

Salomon Brothers, lead manager of the issue, describes it as a defensive instrument. Because of the undetermined life of the offering, the paper is not likely to trade over the issue price if interest rates suddenly fall. On the other hand, the price is also not likely to fall much below par if rates rise.

The market registered its approval of the issue as it traded at a thin (Continued on Page 11, Col. 4.)

Rates Rise In Spite of Fall in M-1

By Kenneth N. Gilpin

New York Times Service

NEW YORK — Stronger than expected reports on employment in January and new car sales for the end of January outweighed the second consecutive weekly decline in the U.S. money supply figures, market participants said.

The Federal Reserve Board said Friday that M-1, the narrowest

U.S. CREDIT MARKETS

measure of U.S. money supply, fell \$1.7 billion in the week ended Jan. 25.

The decline was somewhat larger than many analysts had expected, but short- and medium-term interest rates rose after the announcement.

"By itself, the money supply number could be construed as a constructive thing," said John D. Paulus, chief economist at Morgan Stanley. "But the real economy, which looks like it is moving along at a pretty good clip, predominated market moves. The economic news suggests that rates will be pretty steady, with a longer-term upward trend over the course of the year."

In Friday's report on employment conditions in January, analysts were particularly impressed with the rise of 25 minutes in the average factory workweek, to 40.9 hours, which suggests a sharp rise in industrial output. The new car sales figure, which showed sales running at a seasonally-adjusted annual rate of 8.9 million during the last 10 days of January, was more than 62 percent higher than a year earlier.

M-1 consists of currency in circulation and balances in checking and savings institutions.

In when-issued trading Friday, the yield on the Treasury's new three-year note, due Feb. 15, 1987, and scheduled to be auctioned next week, was offered at 10.86 percent, a rise of 6 basis points, or hundredths of a percentage point, from Thursday; the 9 1/2-year note, due Nov. 15, 1993, was offered to yield 11.64 percent, up 3 basis points, and the 29 1/2-year bond, due Nov. 15, 2013, was offered to yield 11.74 percent, an increase of 3 basis points.

M-1 dropped to a seasonally-adjusted average of \$521.8 billion in the week that ended Jan. 25. The basic money supply now stands about \$1.3 billion below the bottom of the Fed's target range.

U.S. Consumer Rates

For Week Ended Feb. 3

Postoffice Savings 5.50 %

Tax Exempt Bonds 9.51 %

Money Market Funds 8.71 %

Donor's 7-Day Average 8.71 %

Bank Money Market Accounts 8.48 %

Bank Rate Monitor Index 8.48 %

Home Mortgage 11.94 %

FHLB average 11.94 %

No Rapid Economic Cure Is in Sight

By Paul Lewis

New York Times Service

DAVOS, Switzerland — The discovery of penicillin transformed this Alpine village from the retreat for consumptives described by Thomas Mann in his novel "The Magic Mountain" into today's winter sports paradise.

But the 500 business and political leaders who gathered on the Magic Mountain recently for the European Management Foundation's annual symposium on world business conditions seem to have despaired of finding a miracle drug to cure the diseases that have ravaged economies everywhere for the last decade.

Many believe that the old, slow cures are best. At a seminar of how to succeed in business in the 1980s, the heads of three large companies dismissed what one called the "fashions and gimmicks" of modern management and said business executives must get back to the old standards, seeking high quality, low prices and a motivated work force.

No one mentioned catch phrases such as strategic planning or discounted cash flow.

John A. Young, president of Hewlett-Packard Co., a maker of electronic equipment, said: "There are no miracle management techniques, just the best goods at the lowest prices and keeping in touch with customers."

He added that he had cut the company's outstanding accounts receivable from 28 percent of sales to 18 percent just by making sure that customers received correct bills.

Helmuth Maucher, managing director of Nestlé, the big Swiss food group, said: "Don't innovate, renovate; go back to the old ways."

"Cut out the gobbledygook," said John Henry Harvey-Jones, chairman of Imperial Chemical Industries, Britain's largest company. He told the other business leaders to reduce corporate hierarchies, encourage criticism from subordinates and give managers more autonomy.

Many business executives warned that this recovery will be different from past ones.

A Unilever director, Karel Herman Velthuis, wondered whether recovery was really the right word, saying that much of what the economists call

a recovery is really only "improved productivity as companies learn the lessons of the recession." As they would not forget these lessons quickly, he predicted, keeping down labor costs would be industry's "top priority" in the 1980s; thus, unemployment would stay high.

Hans-Eberhard Wolny, chairman of Alfred Teves, a big West German brake maker, agreed, saying companies will only hire if they start new product lines. "The difficulty of firing workers and the high social costs are still a disincentive," he added.

Everyone agreed that protectionism, like all forms of government interference, worsens the patients' condition, but no one knows how to stop it.

Gerald Regan, the Canadian trade minister, was going straight from Davos to Florida in a pessimistic mood for a meeting of trade officials from the United States, Canada, Europe and Japan. Previous meetings have called successfully for a halt to new protectionist measures and a rollback. But, as Mr. Regan said: "We've actually had a roll forward instead."

Western governments have already agreed in the Organization for Economic Cooperation and Development to present concrete proposals for a "protectionist rollback" later this year. But the OECD's secretary-general, Emile van Lempe, who paid a fleeting visit to Davos, indicated that the proposals so far were disappointing.

Another "new cure" that many business executives dislike is the early retirement plans European governments are introducing in a bid to cut unemployment. Such moves drain away experienced workers and increase training costs, they say.

"You can't offer early retirement to only half the work force," said Christian Klaser, president of Reemtsma International, a big West German cigarette maker.

The Mexican finance minister, Jesus Silva Herzog, said that the refinancing of Mexico's debt is going well and he expects a group of 550 banks to lend the country another \$3.8 billion by mid-February on better terms than the \$5 billion they lent last year to maintain Mexico's imports.

But he warned that the debt crisis will rumble on "for years and years" and refused to rule out further reschedulings by the debtors.

Judge Refuses to Block Takeover Bid for Getty

The Associated Press

TULSA, Oklahoma — A federal judge has refused a Pennzoil Co. request that he block Texaco Inc.'s proposed \$10.1-billion takeover of Getty Oil Co., which would be the largest merger in U.S. corporate history.

U.S. District Judge James Ellison said Saturday that Pennzoil had "failed to show" that it would be damaged by the merger of Getty and Texaco.

Attorneys for Pennzoil, an unsuccessful Getty suitor, said they would appeal the judge's ruling to the 10th U.S. Circuit Court of Appeals in Denver on Monday.

In closing arguments in the six-day hearing, a Pennzoil attorney, Ted Weiss, argued that the company would suffer "immediate and irreparable" damage if the merger were consummated.

Pennzoil claimed that the merger was anti-competitive and would serve to drive middle-sized companies like Pennzoil out of business. It claimed that the merger violates antitrust laws.

"We lost what we asked for, but we got great encouragement for what we're trying to do," Perry

Barber, Pennzoil general counsel from Houston, said of the outcome.

Judge Ellison's ruling "made it quite clear" that his decision was based not upon his failure to find any antitrust violation, but upon his finding no evidence that Pennzoil would be harmed by the merger, Mr. Barber said.

Pennzoil also is awaiting a ruling by a state judge in Delaware on its breach-of-contract lawsuit filed against Getty in Pennzoil's unsuccessful attempt to take over the company.

Getty Oil's public affairs manager in Tulsa, Charles Smith, said the company was "delighted" with the court's decision. "When appropriate government reviews are completed, we would hope that the merger would be consummated quickly," he said.

John K. McKinley, chairman of Texaco Inc., said Saturday night that Texaco "continues to believe that the proposed acquisition of Getty Oil fits well within federal antitrust guidelines, and that there

is no antitrust barrier to the acquisition."

"Early completion of the acquisition is in the interests of stockholders and employees of both companies," as well as the general public, he added.

Texaco's attorney, Stephen Axinn, had called the Pennzoil case "speculative, theoretical and weak."

He contended that Pennzoil has

Renault and IH Hold Talks on Joint Venture

By Axel Krause

International Herald Tribune

PARIS — Renault, France's state-owned automaker, and International Harvester Co. of the United States are holding talks on joining farm-machinery businesses in Europe that could lead to a joint venture or a merger of some of their West European interests, company executives disclosed.

The French government, which is closely monitoring the talks, is hopeful of establishing what a senior industry adviser to President François Mitterrand recently described as "a European focal point" for the farm-machinery industry.

Such a reorganization would be built around the two companies' European operations and, he indicated, under Renault's leadership. If the negotiations result in agreement, the government might provide the new venture with about 1.5 billion francs (\$177.6 million) in new financing, industry sources said.

The executives and government officials provided few details about the negotiations but indicated that the talks could be completed soon. "It is now a matter of weeks," a spokesman for Renault said.

If the talks lead to a cooperative venture, it could combine Renault's tractor plant in Le Mans, France, which employs 1,650 per-

sons, with Harvester's five plants, which are located in France, West Germany and Britain and employ 8,000 persons.

Renault's sales of farm machinery, primarily tractors, last year totaled 1.5 billion francs, equal to about 1 percent of the company's total volume. The company ranks first in the French farm-machinery market.

The Renault spokesman, however, said "the market is depressed in France. There also is overcapacity throughout Europe, which is why since the negotiations began last October we have been seeking a European solution."

Harvester ranks first in the Western European farm-machinery market but is second or third in France, Britain and Germany, a company executive said. The Chicago-based company's combined sales in Europe, Africa and the Middle East fell to \$502 million in the fiscal year ended Oct. 31, 1983, from \$732 million a year earlier.

But Harvester, which earlier had held talks with other large companies about possible joint ventures, does not expect to sell its European operations to Renault, a company executive said.

"We are still some weeks away and it is too early to say how it (the transaction) would be implemented," he said.

Asked if an agreement might resemble the one under which Chrysler Corp. sold its European operations to France's Peugeot automobile group in 1978, the Harvester executive said, "our discussions have not taken us down that line."

The Renault spokesman, responding to the same question, said "there are several scenarios, and a joint venture is one of them."

According to French and German industry sources, the French government was seeking to obtain "some form of working control" over Harvester's European operations. (Continued on Page 13, Col. 6.)

Compromise Is Reached on Loan to Soviet Union

By Carl Gewirtz

International Herald Tribune

PARIS — The long tug-of-war between the Soviet Union and its friendly Western bankers over terms for a syndicated bank loan ended in a compromise last week with both sides yielding and terms of a new loan settled.

The Russians had been holding out for an interest rate set at half a point over the London interbank offered rate, the rate they last paid to borrow dollars four years ago, and the banks for at least 3/4-point over Libor. The compromise falls exactly in the middle, with the margin set at 1/2-point over Libor.

The Russians were also seeking a loan with an average life of five years but ended up with a five-year loan having an average life of four-and-a-half years with half the loan due for repayment after the fourth year and the remainder the next year. This is considerably shorter than the 10-year maturity on loans it arranged in the late 1970s.

The front-end commission of 1/2 percent is unchanged from earlier loans.

Dresdner Bank International and Lloyds Bank International are arranging the club loan for Vneshtorgbank, the foreign trade bank of the Soviet Union, and are putting up \$15 million each, as is Credit Agricole of France.

Also in the transaction on a similar basis are leading banks from Austria, Canada, Italy, Finland and Sweden, although identities were not divulged. The managers also expect that U.S. and Japanese banks will join the transaction.

Managers of the loan are reported to have encountered considerable demand in the market and privately acknowledge that an increase in the amount from the initial target of \$150 million "cannot be excluded."

According to the latest data available from the Bank for International Settlements, Western bank loans outstanding to the Soviet Union totaled \$13.9 billion in the third quarter of last year, down from the high of \$15.9 billion set at end-1981.

There is much speculation that this loan will help thaw banking relations with the rest of Eastern Europe, which froze shut after the emergence of the Polish debt and political crisis. Czechoslovakia,

torgbank, the foreign trade bank of the Soviet Union, and are putting up \$15 million each, as is Credit Agricole of France.

Also in the transaction on a similar basis are leading banks from Austria, Canada, Italy, Finland and Sweden, although identities were not divulged. The managers also expect that U.S. and Japanese banks will join the transaction.

Managers of the loan are reported to have encountered considerable demand in the market and privately acknowledge that an increase in the amount from the initial target of \$150 million "cannot be excluded."

According to the latest data available from the Bank for International Settlements, Western bank loans outstanding to the Soviet Union totaled \$13.9 billion in the third quarter of last year, down from the high of \$15.9 billion set at end-1981.

There is much speculation that this loan will help thaw banking relations with the rest of Eastern Europe, which froze shut after the emergence of the Polish debt and political crisis. Czechoslovakia,

torgbank, the foreign trade bank of the Soviet Union, and are putting up \$15 million each, as is Credit Agricole of France.

Also in the transaction on a similar basis are leading banks from Austria, Canada, Italy, Finland and Sweden, although identities were not divulged. The managers also expect that U.S. and Japanese banks will join the transaction.

Managers of the loan are reported to have encountered considerable demand in the market and privately acknowledge that an increase in the amount from the initial target of \$150 million "cannot be excluded."

According to the latest data available from the Bank for International Settlements, Western bank loans outstanding to the Soviet Union totaled \$13.9 billion in the third quarter of last year, down from the high of \$15.9 billion set at end-1981.

There is much speculation that this loan will help thaw banking relations with the rest of Eastern Europe, which froze shut after the emergence of the Polish debt and political crisis. Czechoslovakia,

torgbank, the foreign trade bank of the Soviet Union, and are putting up \$15 million each, as is Credit Agricole of France.

Also in the transaction on a similar basis are leading banks from Austria, Canada, Italy, Finland and Sweden, although identities were not divulged. The managers also expect that U.S. and Japanese banks will join the transaction.

Managers of the loan are reported to have encountered considerable demand in the market and privately acknowledge that an increase in the amount from the initial target of \$150 million "cannot be excluded."

According to the latest data available from the Bank for International Settlements, Western bank loans outstanding to the Soviet Union totaled \$13.9 billion in the third quarter of last year, down from the high of \$15.9 billion set at end-1981.

There is much speculation that this loan will help thaw banking relations with the rest of Eastern Europe, which froze shut after the emergence of the Polish debt and political crisis. Czechoslovakia,

torgbank, the foreign trade bank of the Soviet Union, and are putting up \$15 million each, as is Credit Agricole of France.

Also in the transaction on a similar basis are leading banks from Austria, Canada, Italy, Finland and Sweden, although identities were not divulged. The managers also expect that U.S. and Japanese banks will join the transaction.

Managers of the loan are reported to have encountered considerable demand in the market and privately acknowledge that an increase in the amount from the initial target of \$150 million "cannot be excluded."

According to the latest data available from the Bank for International Settlements, Western bank loans outstanding to the Soviet Union totaled \$13.9 billion in the third quarter of last year, down from the high of \$15.9 billion set at end-1981.

There is much speculation that this loan will help thaw banking relations with the rest of Eastern Europe, which froze shut after the emergence of the Polish debt and political crisis. Czechoslovakia,

torgbank, the foreign trade bank of the Soviet Union, and are putting up \$15 million each, as is Credit Agricole of France.

Also in the transaction on a similar basis are leading banks from Austria, Canada, Italy, Finland and Sweden, although identities were not divulged. The managers also expect that U.S. and Japanese banks will join the transaction.

Managers of the loan are reported to have encountered considerable demand in the market and privately acknowledge that an increase in the amount from the initial target of \$150 million "cannot be excluded."

According to the latest data available from the Bank for International Settlements, Western bank loans outstanding to the Soviet Union totaled \$13.9 billion in the third quarter of last year, down from the high of \$15.9 billion set at end-1981.

There is much speculation that this loan will help thaw banking relations with the rest of Eastern Europe, which froze shut after the emergence of the Polish debt and political crisis. Czechoslovakia,

torgbank, the foreign trade bank of the Soviet Union, and are putting up \$15 million each, as is Credit Agricole of France.

Also in the transaction on a similar basis are leading banks from Austria, Canada, Italy, Finland and Sweden, although identities were not divulged. The managers also expect that U.S. and Japanese banks will join the transaction.

Managers of the loan are reported to have encountered considerable demand in the market and privately acknowledge that an increase in the amount from the initial target of \$150 million "cannot be excluded."

According to the latest data available from the Bank for International Settlements, Western bank loans outstanding to the Soviet Union totaled \$13.9 billion in the third quarter of last year, down from the high of \$15.9 billion set at end-1981.

There is much speculation that this loan will help thaw banking relations with the rest of Eastern Europe, which froze shut after the emergence of the Polish debt and political crisis. Czechoslovakia,

torgbank, the foreign trade bank of the Soviet Union, and are putting up \$15 million each, as is Credit Agricole of France.

Also in the transaction on a similar basis are leading banks from Austria, Canada, Italy, Finland and Sweden, although identities were not divulged. The managers also expect that U.S. and Japanese banks will join the transaction.

Managers of the loan are reported to have encountered considerable demand in the market and privately acknowledge that an increase in the amount from the initial target of \$150 million "cannot be excluded."

According to the latest data available from the Bank for International Settlements, Western bank loans outstanding to the Soviet Union totaled \$13.9 billion in the third quarter of last year, down from the high of \$15.9 billion set at end-1981.

There is much speculation that this loan will help thaw banking relations with the rest of Eastern Europe, which froze shut after the emergence of the Polish debt and political crisis. Czechoslovakia,

torgbank, the foreign trade bank of the Soviet Union, and are putting up \$15 million each, as is Credit Agricole of France.

Also in the transaction on a similar basis are leading banks from Austria, Canada, Italy, Finland and Sweden, although identities were not divulged. The managers also expect that U.S. and Japanese banks will join the transaction.

Managers of the loan are reported to have encountered considerable demand in the market and privately acknowledge that an increase in the amount from the initial target of \$150 million "cannot be excluded."

According to the latest data available from the Bank for International Settlements, Western bank loans outstanding to the Soviet Union totaled \$13.9 billion in the third quarter of last year, down from the high of \$15.9 billion set at end-1981.

There is much speculation that this loan will help thaw banking relations with the rest of Eastern Europe, which froze shut after the emergence of the Polish debt and political crisis. Czechoslovakia,

torgbank, the foreign trade bank of the Soviet Union, and are putting up \$15 million each, as is Credit Agricole of France.

Also in the transaction on a similar basis are leading banks from Austria, Canada, Italy, Finland and Sweden, although identities were not divulged. The managers also expect that U.S. and Japanese banks will join the transaction.

Managers of the loan are reported to have encountered considerable demand in the market and privately acknowledge that an increase in the amount from the initial target of \$150 million "cannot be excluded."

According to the latest data available from the Bank for International Settlements, Western bank loans outstanding to the Soviet Union totaled \$13.9 billion in the third quarter of last year, down from the high of \$15.9 billion set at end-1981.

There is much speculation that this loan will help thaw banking relations with the rest of Eastern Europe, which froze shut after the emergence of the Polish debt and political crisis. Czechoslovakia,

torgbank, the foreign trade bank of the Soviet Union, and are putting up \$15 million each, as is Credit Agricole of France.

Also in the transaction on a similar basis are leading banks from Austria, Canada, Italy, Finland and Sweden, although identities were not divulged. The managers also expect that U.S. and Japanese banks will join the transaction.

Managers of the loan are reported to have encountered considerable demand in the market and privately acknowledge that an increase in the amount from the initial target of \$150 million "cannot be excluded."

According to the latest data available from the Bank for International Settlements, Western bank loans outstanding to the Soviet Union totaled \$13.9 billion in the third quarter of last year, down from the high of \$15.9 billion set at end-1981.

There is much speculation that this loan will help thaw banking relations with the rest of Eastern Europe, which froze shut after the emergence of the Polish debt and political crisis. Czechoslovakia,

torgbank, the foreign trade bank of the Soviet Union, and are putting up \$15 million each, as is Credit Agricole of France.

Also in the transaction on a similar basis are leading banks from Austria, Canada, Italy, Finland and Sweden, although identities were not divulged. The managers also expect that U.S. and Japanese banks will join the transaction.

Managers of the loan are reported to have encountered considerable demand in the market and privately acknowledge that an increase in the amount from the initial target of \$150 million "cannot be excluded."

According to the latest data available from the Bank for International Settlements, Western bank loans outstanding to the Soviet Union totaled \$13.9 billion in the third quarter of last year, down from the high of \$15.9 billion set at end-1981.

There is much speculation that this loan will help thaw banking relations with the rest of Eastern Europe, which froze shut after the emergence of the Polish debt and political crisis. Czechoslovakia,

torgbank, the foreign trade bank of the Soviet Union, and are putting up \$15 million each, as is Credit Agricole of France.

Also in the transaction on a similar basis are leading banks from Austria, Canada, Italy, Finland and

Provided by White Weld Securities, London, Tel.: 623-1277; a Division of Financière Crédit Suisse-First Boston
Prices may vary according to market conditions and other factors.

[illegible]

Ann. Security			% Incl	Conv. Price	Current Price	Yield	Call	Ann. Security	% Incl	Conv. Price	Current Price	Yield
EUROPE								On				
12	Ann. Ab	7/2	7/2	100	100	100	100	12	Ann. Ab	7/2	7/2	100
13	Alcatel	7/2	7/2	100	100	100	100	13	Alcatel	7/2	7/2	100
14	Alcatel	7/2	7/2	100	100	100	100	14	Alcatel	7/2	7/2	100
15	Alcatel	7/2	7/2	100	100	100	100	15	Alcatel	7/2	7/2	100
16	Alcatel	7/2	7/2	100	100	100	100	16	Alcatel	7/2	7/2	100
17	Alcatel	7/2	7/2	100	100	100	100	17	Alcatel	7/2	7/2	100
18	Alcatel	7/2	7/2	100	100	100	100	18	Alcatel	7/2	7/2	100
19	Alcatel	7/2	7/2	100	100	100	100	19	Alcatel	7/2	7/2	100
20	Alcatel	7/2	7/2	100	100	100	100	20	Alcatel	7/2	7/2	100
21	Alcatel	7/2	7/2	100	100	100	100	21	Alcatel	7/2	7/2	100
22	Alcatel	7/2	7/2	100	100	100	100	22	Alcatel	7/2	7/2	100
23	Alcatel	7/2	7/2	100	100	100	100	23	Alcatel	7/2	7/2	100
24	Alcatel	7/2	7/2	100	100	100	100	24	Alcatel	7/2	7/2	100
25	Alcatel	7/2	7/2	100	100	100	100	25	Alcatel	7/2	7/2	100
26	Alcatel	7/2	7/2	100	100	100	100	26	Alcatel	7/2	7/2	100
27	Alcatel	7/2	7/2	100	100	100	100	27	Alcatel	7/2	7/2	100
28	Alcatel	7/2	7/2	100	100	100	100	28	Alcatel	7/2	7/2	100
29	Alcatel	7/2	7/2	100	100	100	100	29	Alcatel	7/2	7/2	100
30	Alcatel	7/2	7/2	100	100	100	100	30	Alcatel	7/2	7/2	100
31	Alcatel	7/2	7/2	100	100	100	100	31	Alcatel	7/2	7/2	100
32	Alcatel	7/2	7/2	100	100	100	100	32	Alcatel	7/2	7/2	100
33	Alcatel	7/2	7/2	100	100	100	100	33	Alcatel	7/2	7/2	100
34	Alcatel	7/2	7/2	100	100	100	100	34	Alcatel	7/2	7/2	100
35	Alcatel	7/2	7/2	100	100	100	100	35	Alcatel	7/2	7/2	100
36	Alcatel	7/2	7/2	100	100	100	100	36	Alcatel	7/2	7/2	100
37	Alcatel	7/2	7/2	100	100	100	100	37	Alcatel	7/2	7/2	100
38	Alcatel	7/2	7/2	100	100	100	100	38	Alcatel	7/2	7/2	100
39	Alcatel	7/2	7/2	100	100	100	100	39	Alcatel	7/2	7/2	100
40	Alcatel	7/2	7/2	100	100	100	100	40	Alcatel	7/2	7/2	100
41	Alcatel	7/2	7/2	100	100	100	100	41	Alcatel	7/2	7/2	100
42	Alcatel	7/2	7/2	100	100	100	100	42	Alcatel	7/2	7/2	100
43	Alcatel	7/2	7/2	100	100	100	100	43	Alcatel	7/2	7/2	100
44	Alcatel	7/2	7/2	100	100	100	100	44	Alcatel	7/2	7/2	100
45	Alcatel	7/2	7/2	100	100	100	100	45	Alcatel	7/2	7/2	100
46	Alcatel	7/2	7/2	100	100	100	100	46	Alcatel	7/2	7/2	100
47	Alcatel	7/2	7/2	100	100</							

Global Fund
Closter, Balwyn East, A. 3003

[illegible]

For the Week Ending Feb. 3, 1984

[illegible]

Dfls 75,000,000

15-year Private Placement with institutional investors in The Netherlands.

Arranged by:

Algemene Bank Nederland N.V.

February, 1984

[illegible]

NEW EUROBOND ISSUES

Type (a)	Issuer	Amount (millions)	Mat.	Coup. %	Price	Yield of offer	Price end week	Terms
S	Alaska Housing Fin. Co. O'secs	\$100	1994	11%	100	11%	99.75	Redeemable at 102 in 1991. Sinking fund to start in 1987. Collateralized by mortgage pass-through certificates of U.S. Federal National Mortgage Association.
F	Creditanstalt Bankverein	\$150	1996	1 1/16	100	—	99.40	Over 6-month Libor. Minimum coupon 5%. Callable at par on any interest payment date after 1987.
F	Crédit Commercial de France	\$250	1996	1/4	100	—	99.50	Over mean of bid and offered rates for 6-month eurodollars. Minimum coupon 5 1/2%. Callable at par in 1987.
F	Hill Samuel Finance	\$30	1996	1/4	100	—	—	Over mean of bid and offered rates for 6-month eurodollars. Minimum coupon 5 1/2%. Callable at par in 1987.
S	IADB	\$487.5	1984/2008	12 1/4	—	—	—	\$120 million principal + \$367.5 million interest. Certificates of accrued on bonds. \$7.35 million due every 6 months from June 16, 1984, to June 16, 2008. Remaining \$127.4 million due Dec. 2008. Noncallable.
S	IBJ Finance	\$125	1989	11 1/2	100	11 1/2	98.75	Noncallable.
S	Kayaba Industry	\$30	1989	6 1/4	100	6 1/4	99.50	Noncallable. Each \$5,000 bond with one 5-yr warrant exercisable into an equal number of the company's shares at no premium.
S	Minebea	\$100	1989	open	100	—	100.75	Coupon indicated at 6 1/2%. Noncallable. Each \$5,000 bond with one 5-yr warrant exercisable into an equal amount of the company's shares at an anticipated 25% premium. Terms to be set Feb. 10.
S	Mitsubishi Metal	\$40	1989	open	100	—	101	Coupon indicated at 6%. Noncallable. Each \$5,000 bond with one 5-yr warrant exercisable into an equal amount of the company's shares at an anticipated 25% premium. Terms to be set Feb. 9.
F	Neste Oy	\$100	1994	1/4	100	—	99.70	Over 6-month Libor. Minimum coupon 5 1/2%. Callable at par in 1985.
S	Norwest Overseas Capital	\$50	1991	12 1/4	100	12 1/4	98.35	Callable at 101 in 1985.
C	Ono Pharmaceutical	\$60	1998	3 1/4	100	3 1/4	118.50	First callable at 103 in 1988. Convertible into the company's shares at no premium.
F	Pirelli Financial Services	\$50	1994	1/4	100	—	97.90	Over 6-month Libor. Minimum coupon 5 1/2%. Redeemable at par in 1991, and callable at par on any interest payment date after 1985.
S	Council of Europe	DM150	1994	8 1/4	100 1/4	8.21	—	Callable at 101 in 1991. Sinking fund to start in 1991 to produce a 9-yr average life.
S	Crédit National	DM200	1994	8 1/4	99 1/4	8.20	—	Noncallable.
S	Pepsico Overseas Finance	DM250	1994	7 1/4	100	7 1/4	—	First callable at 101 1/2 in 1988.
S	World Bank	DM100	1989	7 1/4	99 1/4	7.87	—	Noncallable. Private placement.
S	World Bank	DM200	1994	8	99 1/4	8.07	—	Noncallable.
S	EIB	£50	1992	10 1/4	97 1/2	11.24	95.75	Noncallable. Possible top of up to an additional \$25 million.
S	Canadian Occidental Petroleum	CND\$60	1999	12 1/2	99 1/2	12.52	99.625	Indicated yield for a 5-yr life. Redeemable at issuer's or lenders' option in 1989 and 1994. Issuer may set new coupon one month before each redemption date. Increased from CND\$50 million.
S	Asian Development Bank	¥15,000	1994	open	100	—	99.60	Coupon indicated at 7 1/2%. Noncallable. Terms to be set Feb. 8.
S	Citicorp Overseas Finance	ECU30	1990	10 1/4	100	10 1/4	—	Callable at 100 1/4 in 1987.
S	Denmark	ECU75	1991	10 1/4	open	—	—	Callable in 1989 of a premium of 1 1/2%. Price to be set Feb. 15.
S	Primary Industry Bank of Australia	AUS\$40	1989	12 1/2	100	12 1/2	99	Noncallable.

S: straight; F: floating rate notes; C: convertible; W: warrants.

Eurobond Market Remains Stable Despite Decline of Dollar

(Continued from Page 9)

quarterm-point below the offering price.

Salomon also bought \$120 million of a \$200-million bond issue floated in the United States by the InterAmerican Development Bank and then sold 49 slices to the market. The first 48 consist of the \$7.35 million of semiannual interest payments to be received from the IADB starting this June. The final slice is \$127.35 million, comprising repayment of principal and the final interest installment.

Separating interest payments and principal and marketing them separately is called stripping. The stripped elements are marketed as zero-coupon paper, bearing no interest. Each element is sold at a discount from face value, resulting in a fixed yield to maturity.

These elements of six-, 12-, 18-month, etc., are essentially money-market instruments. The 24-month IADB segment is being sold to yield 11 1/2 percent and this compares to 10 1/4 percent currently offered on two-year Eurodeposits. The final balloon payment due in 2008 is being sold to yield 10.67 percent.

The final element, because of its size, is likely to be traded and the first dozen interest accruals are likely to sell because of their short term and competitive yield. But between 1990 and 2007 there are 35 sets of \$7.35-million slices called orphans — whose amounts are too small to be actively traded and

therefore likely to be rejected by investors.

Only Salomon Brothers will ever know if the orphan slices get sold and at what price.

Taking the IADB issue apart and selling the pieces is good business. Banking sources estimate the firm can earn between \$2.5 million and \$5 million, depending on what price it bought the IADB paper in the market and at what price it sells the orphan slices.

Officials at Goldman Sachs refused to confirm or deny a rumor that it would bring to market this week stripped debt of the World Bank.

The bulk of activity in the dollar sector last week remained concentrated on floating-rate notes. Creditanstalt of Austria, Crédit Commercial de France, Hill Samuel of London, Neste Oy of Finland and Pirelli's Swiss financial subsidiary tapped the market and all but Pirelli were well received.

Two straight issues failed to excite the market. Industrial Bank of Japan raised \$125 million in a five-year issue sold at par bearing a coupon of 11 1/2 percent. Norwest Corp., a financial services firm based in Minneapolis, sold \$50 million of seven-year paper at par bearing a coupon of 12 1/4 percent.

The real excitement, or, as some would say, delirium, was centered on equity-linked issues by Japanese companies.

Ono Pharmaceutical, in response to overwhelming demand that sent the price of its issue to a 20-percent premium, sliced the coupon on its 15-year convertible from the 3 1/4 percent — the lowest yet set in the dollar sector. The conversion price, calculated at 5 percent over the average of the five days preceding the setting of terms, was fixed at 9,248 yen. As that was the price of the shares in Tokyo on Friday, there is effectively no premium to buy the stock. But anyone buying the bond now would have to pay an 18 1/2-percent premium because the paper is trading at 118 1/2 percent of face value.

An additional kicker is that the face amount of each bond can be converted into yen at a fixed rate of 234.75 yen per dollar to buy the shares. Thus, the share price could decline but the bond could remain strong if the dollar dropped sharply against the yen in the foreign exchange market.

All that said, there is a widely held view that the demand for Japanese equity-linked issues has reached absurd levels.

"One may be one of the more exciting pharmaceutical companies," one banker remarked, "but the share price is already over 400 times per-share earnings. This is speculative froth."

Premium prices are being circulated on issues that have not even formally been announced.

Sankyo Seiki, which manufactures precision parts and has a tie with IBM on making industrial robots, was quoted Friday at 110. The issue is to be put on sale this week — a convertible bond of as much as \$40 million — and some analysts suggest that if the current euphoria continues it could come to market with a coupon of 3 percent.

Nippon Oil, quoted at 102-103 1/4, is to market \$50 million of convertible bonds.

Most of the Japanese equity-linked issues, however, are not convertible bonds but straight bonds bearing warrants to buy stock.

The exercise price of the warrant is set low, in the range of 2 1/4 percent. But what investors disregard is that once the warrants are exercised or sold they are then left holding five-year fixed-rate paper trading at 20 percent below face value because the coupon on the notes is only 6 1/2 percent. In effect, investors are paying a 22 1/2-percent premium for the option to buy the stock.

This is the case of the warrant issues currently on offer for Kayaba Industry, Minebea and Mitsubishi Metal.

The issuers prefer warrant offerings to convertibles because conversion into shares tends to be slower and because the low-cost fixed-rate dollar issue can be used to swap into yen at a very favorable rate of exchange.

The rush into DM-denominated bonds, by comparison, was tame. All issues being offered were easily placed. Crédit National, considered by many the most difficult of the current issues because French paper is often not easy to place, traded at 1/4 point below the 9 1/2 percent price.

At the other extreme, given the scarcity of U.S. corporate issues in the DM sector, PepsiCo had no trouble selling 250 million of 10-year bonds bearing a coupon of 7 1/4 percent.

This week will see issues for Eurofima and Baxter Tavenol. The Euroyen issue for the Asia

Development Bank, carrying an indicated coupon of 7 1/2 percent, traded on a when-issued basis of 99 1/4.

While dealers said there was considerable demand for sterling-denominated paper, the £50 million issue for the European Investment Bank traded 1 1/2 points below the issue price. The bonds carry a coupon of 10 1/4 percent and were priced at 97 1/4 to yield 11 1/2 percent. An additional £25 million may be tapped into the market over the coming six months.

The European currency unit was

somewhat less buoyant, with Belgian investors moving into a big state domestic loan. Citicorp sold 30 million units of six-year notes at par bearing a coupon of 10 1/2 percent and Denmark is seeking 75 million ECU for seven years carrying a coupon of 10 1/2 percent.

For investors who like high coupons, Primary Industry Bank of Australia is offering 40 million Australian dollars of five-year notes bearing a coupon of 12 1/2 percent. Issued at par, the notes ended the week quoted at 99.

International Herald Tribune

Mezzanine Capital Corporation Limited

Notice to the holders of the partly paid Bearer Depositary Receipts ("BDRs") evidencing Redeemable Preference Shares of US 1 cent each ("Shares") of Mezzanine Capital Corporation Limited (the "Company").

Notice of Dividend
NOTICE IS HEREBY GIVEN to the holders of the BDRs that the Company has declared an interim dividend for the financial year ending on 31st May, 1984 of US\$0.1384 per Share. The BDRs are denominated in multiples of 100 Shares. The dividend is, therefore, equivalent to US\$13.84 per Unit.

Payment of this dividend will be made subject to receipt thereof by Manufacturers Hanover Bank (Guernsey) Limited ("the Depositary"), against surrender of Coupon No. 1, at the specified office of the Depositary or of any of the Paying Agents (set out on the reverse of the BDRs and at the foot of this Notice), at any time on or after 6th February, 1984.

Payment will be made subject to any laws and/or regulations applicable thereto by dollar cheque drawn upon, or at the option of the holder of the relevant Coupon, by transfer to a dollar account maintained by the payee with a Bank in New York City.

Copies of the Company's interim report may also be obtained from the Depositary and the Paying Agents.

Depositary and Principal Paying Agent
Manufacturers Hanover Bank (Guernsey) Limited,
Manufacturers Hanover House, Le Truchot,
St. Peter Port, Guernsey, Channel Islands

Paying Agents
Manufacturers Hanover Bank/Belgium S.A.
Rue de Ligne 13, B-1000 Brussels, Belgium
Manufacturers Hanover Trust Company,
Bockenheimer Landstrasse 51-53,
D 6000 Frankfurt/Main 1, West Germany
Manufacturers Hanover Trust Company,
Shell Tower, 33/34th Storey,
50 Raffles Place, Singapore 0104
Manufacturers Hanover Trust Company,
7 Princes Street, London EC2P 2LR
Manufacturers Hanover Bank Luxembourg S.A.,
39 Boulevard Prince Henri,
Luxembourg, Grand Duchy of Luxembourg
Manufacturers Hanover Trust Company,
Alexandra House, 27th Floor,
16-20 Chater Road, Central, Hong Kong
Manufacturers Hanover Trust Company,
Stockerstrasse 33, 8027 Zurich, Switzerland
Morgan Guaranty Trust Company of New York,
14 Place Vendôme, 75001 Paris, France

St. Peter Port, Guernsey by: Manufacturers Hanover Bank (Guernsey) Limited
Dated 4th February, 1984 Depositary

Finance Chiefs Of EC to Meet

Reuters

BRUSSELS — Finance ministers of the European Community are to discuss the effects of the U.S. dollar's sudden weakening on the exchange rates within the European monetary system at a meeting here on Monday, diplomats said Sunday.

A further decline of the dollar would spark off a panic movement out of weaker EMS currencies like the French and Belgian francs into the Deutsche mark, they said.

This could precipitate a full-scale realignment of exchange rates within the EMS as strong demand for the DM would force its value against the Belgian and French francs beyond agreed limits, they added.

But they said last week's sudden weakening of the dollar seemed temporary and was unlikely to threaten the stability of EMS exchange rate mechanisms in the short term.

All these securities having been sold, this announcement appears as a matter of record only.

NEW ISSUE

February 1984



EUROPEAN INVESTMENT BANK

U.S. \$150,000,000

11 1/2 per cent. Bonds due 1991/1999

ISSUE PRICE 99 1/2 PER CENT

The Nikko Securities Co., (Europe) Ltd.

Arab Banking Corporation (ABC)

Bank of Tokyo International Limited

Banque Indosuez

Baring Brothers & Co., Limited

Crédit Lyonnais

The Development Bank of Singapore Limited

Dresdner Bank Aktiengesellschaft

IBJ Asia Limited

Kuwait International Investment Co. s.a.k.

Merrill Lynch, Capital Markets

Mitsubishi Finance International Limited

Mitsui Trust Bank (Europe) S.A.

Morgan Grenfell & Co. Limited

Morgan Guaranty Ltd

J. Henry Schroder Wagg & Co. Limited

Société Générale

Société Générale de Banque S.A. Union Bank of Switzerland (Securities) Limited

S.G. Warburg & Co. Ltd.

Wood Gundy Limited

Questions about long-term international business ventures?

Project planning? Market research and analysis? Long-term/short-term financing? Bond issues? Capital? Foreign exchange? Call LTCB, the Long-Term Credit Bank of Japan. We're one of the world's leading international banks. We specialize in looking at business long term, so we can help you plan for long-term success. And our experienced staff knows international finance through and through. If you have questions, LTCB can find the answers.



LTCB

International experience you can bank on.

The Long-Term Credit Bank of Japan, Ltd.

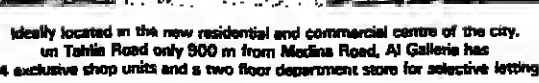
Head Office & International Banking Group: Otomachi, Tokyo, Japan Tel: 211-5111 Telex: J24308 London Branch: 3 Lombard Street, London EC3V 3AH, U.K. Tel: 623-9511 Telex: 885305 New York Branch: 140 Broadway, New York, N.Y. 10005, U.S.A. Tel: (212) 797-1170 Telex: 425722 Los Angeles Agency: 707 Wilshire Boulevard, Los Angeles, California 90017-3552, U.S.A. Tel: (213) 486-1168 Telex: 573558 Hong Kong Branch: 45th Floor, Far East Finance Centre, 16 Harbour Road, Hong Kong Tel: 5-285670 Telex: 78295 Singapore Branch: 65 Chulia Street, #22-01/04, OCBC Centre, Singapore 0104, Singapore Tel: 919633 Telex: 23813 Paris, Frankfurt, Toronto, #22-01/04, OCBC Centre, Singapore 0104, Singapore Tel: 919633 Telex: 23813 LTCB International Ltd. (London), LTCB (Schweiz) AG (Zurich), Nippon European Bank S.A. (Brussels), LTCB Trust Co. (New York), LTCB Asia Ltd. (Hong Kong)

	Low	Last	Ch'ge
17%	17%	-	15
9%	9%	-	10
4%	4%	-	10
10	10	-	10
4%	4%	+	10
3%	3%	+	10
7%	7%	+	10
2%	2%	+	10
30	30	+	10
8	8	+	10

[illegible][illegible][illegible][illegible]

Trading
Listings
Feb. 1

boutiques, shops and department stores. An ultra modern sports and health club together with a beautifully decorated restaurant makes Al Gallena More than Just a Shopping Centre - But More a Way of Life -



1el 067-0940 067-0956. 660-4357. 660-4304 Telen 402486 012V S

In Asia and Pacific write to:
Alain Lecour, International Herald Tribune
1005 Tai Sang Commercial Building,
24-34 Hennessy Road, Hong Kong.

هكذا من الناحية

